

**SCHOOL DISTRICT
OF
TOWNSHIP OF FAIRFIELD**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Township of Fairfield Board of Education

Fairfield, New Jersey

For the Fiscal Year Ended June 30, 2018

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

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Township of Fairfield Board of Education

Fairfield, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

Fairfield Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS**

INTRODUCTORY SECTION

Page

Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

FINANCIAL SECTION

Independent Auditor's Report	9-10a
-------------------------------------	-------

Required Supplementary Information - Part I Management's Discussion and Analysis (Unaudited)	11-20
---	-------

Basic Financial Statements

A. District-wide Financial Statements:

A-1 Statement of Net Assets	21
A-2 Statement of Activities	22

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	24
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25

Proprietary Funds:

B-4 Statement of Net Assets	26
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	27
B-6 Statement of Cash Flows	28

Fiduciary Funds:

B-7 Statement of Fiduciary Net Assets	29
B-8 Statement of Changes in Fiduciary Net Assets	N/A

Notes to the Financial Statements	30-63
--	-------

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS
(Page 2)**

FINANCIAL SECTION (continued)	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules: (Unaudited)	
C-1 Budgetary Comparison Schedule - General Fund	62-71
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	71a
Notes to the Required Supplementary Information – Part II	
C-3 Budget-to-GAAP Reconciliation	71b
Required Supplementary Information - Part III (Unaudited)	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	72
L-2 Schedule of District Contributions – PERS	73
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability – TPAF	74
L-4 Schedule of District Contributions – TPAF	75
Notes to the Required Supplementary Information – Part III	
76	
M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	76a
Other Supplementary Information	
D. School Based Budget Schedules	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS
(Page 3)**

FINANCIAL SECTION (continued)	<u>Page</u>
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	77-78
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	79
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	80
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	81
F-2a-b Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	82-83
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	84
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	85
G-3 Combining Schedule of Cash Flow	86
Internal Service Fund:	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds	
H-1 Combining Statement of Fiduciary Net Assets	87
H-2 Combining Statement of Changes in Fiduciary Net Assets	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	88
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	89

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS
(Page 4)**

FINANCIAL SECTION (continued)	<u>Page</u>
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	90
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	91
 <u>STATISTICAL SECTION (Unaudited)</u>	
Introduction to the Statistical Section	
 Financial Trends	
J-1 Net Assets by Component	92
J-2 Changes in Net Assets	93
J-3 Fund Balances - Governmental Funds	94
J-4 Changes in Fund Balances, Governmental Funds	95
J-5 General Fund Other Local Revenue by Source	96
 Revenue Capacity	
J-6 Assessed Value and Actual Value of Taxable Property	97
J-7 Direct and Overlapping Property Tax Rates	98
J-8 Principal Property Tax Payers*	99
J-9 Property Tax Levies and Collections	100
 Debt Capacity	
J-10 Ratio of Outstanding Debt by Type	101
J-11 Ratios of General Bonded Debt Outstanding	102
J-12 Direct and Overlapping Governmental Activities Debt	103
J-13 Legal Debt Margin Information	104
 Demographic and Economic Information	
J-14 Demographic and Economic Statistics	105
J-15 Principal Employers	106
 Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	107
J-17 Operating Statistics	108
J-18 School Building Information	109
J-19 Schedule of Required Maintenance Expenditures by School Facility	110
J-20 Insurance Schedule	111-112

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS
(Page 5)**

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	113-114
K-2	Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures Required by Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08	115-116
K-3	Schedule of Expenditures of Federal Awards, Schedule A	117
K-4	Schedule of Expenditures of Financial Assistance, Schedule B	118
K-5	Notes to the Schedules of Awards and Financial Assistance	119-120
K-6	Schedule of Findings and Questioned Costs- Summary of Auditor's Reports	121-122
K-7	Schedule of Findings and Questioned Costs - Financial Statement Federal Awards and State Financial Assistance	123-125
K-8	Summary Schedule of Prior Year Audit Findings	126

INTRODUCTORY SECTION

FAIRFIELD TOWNSHIP PUBLIC SCHOOLS
375 GOULDTOWN WOODRUFF ROAD
BRIDGETON, NEW JERSEY 08302
Phone: (856) 453-1882 Fax: (856) 453-7189

Dr. Michael Knox
Superintendent/Principal

Janecia Smith
Business Administrator

January 24, 2019

Honorable President and
Members of the Board of Education
Fairfield Township School District
Cumberland County, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Fairfield Township Public School District for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB,, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Fairfield Township Public School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Fairfield Township Board of Education and its two schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2017-2018 fiscal year with a June enrollment of 576 students, which is a decrease of 51 students from the previous year's enrollment of 627. The following details the changes in the student enrollment of the District over the last ten years.

June 30 Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-18	576.0	(8.13)%
2016-17	627.0	(5.29)%
2015-16	662.0	5.75%
2014-15	626.0	.96%
2013-14	620.0	3.00%
2012-13	602.0	(1.79)%
2011-12	613.0	(.32)%
2010-11	616.0	5.21%
2009-10	585.5	(6.42)%
2008-09	625.7	3.27%

2. ECONOMIC CONDITION AND OUTLOOK:

Fairfield Township continues to be a rural community whose main business remains agriculture. The economic condition of the community is hindered by a poor ratable base and the reality that only 54% of the community property is taxable. The remaining 46% is either wetlands or property under restriction by Federal and State authority.

Single family housing permits grew significantly in 2006 for the first time in many years, but real growth remains quite limited and the reality of any increased tax base is offset by additional State and non-profit purchases. As a result, the community shares in the County problems of high unemployment and a high welfare presence. The fact that there are two large prisons in the area makes the hope of further growth speculative.

3. MAJOR INITIATIVES:

Preschool: Our preschool program continues to grow due to the positive relationships and rapport built with families and the community. Research has proven that Early Childhood programs have the potential to positively impact our children. The NJ state approved Creative Curriculum offers students a program that offers enrichment and hands on inquiry based experiences in Language Arts, Mathematics, Science, Social Studies, Social emotional skills, and developmentally pertinent physical activities to promote health and wellness. According to feedback from the NJ state liaison and NEER, FTS continues to meet and exceed expectations.

Math: Fairfield Twp School strives to meet and exceed state and district achievement expectations. The district works closely with constituent districts and Cumberland Regional high school to ensure that the math curriculum is aligned to NJ standards and can meet the rigor of PARCC expectations. Throughout the school year, students participate in end of cycle benchmarks to track their progress and monitor student progress. Teachers meet bi-monthly to review data and plan various interventions and strategies to assist gifted and/or struggling learners. We have implemented various professional workshops to FTS staff to ensure that staff can provide and implement best teaching strategies in their instructional practices. Students in 8th grade that qualify are able to participate in an Algebra I course before attending high school in preparation for AP or Algebra at the high school level. The district also offers a summer enrichment and intervention program to prepare students for the academic rigor via the upcoming school year at FTS, high school, or technical school.

Literacy: Fairfield Twp School strives to meet and exceed state and district achievement expectations. The district works closely with constituent districts and Cumberland Regional high school to ensure that the math curriculum is aligned to NJ standards and can meet the rigor of PARCC expectations. Throughout the school year, students participate in end of cycle benchmarks to track their progress and monitor student progress. Teachers meet bi-monthly to review data and plan various interventions and strategies to assist gifted and/or struggling learners. We have implemented various professional workshops to FTS staff to ensure that staff can provide and implement best teaching strategies in their instructional practices. The district also offers a summer enrichment and intervention program to prepare students for the academic rigor via the upcoming school year at FTS, high school, or technical school.

Child Study Team and Special Education: In 2017-2018, the district formed a shared services contract with Hopewell Crest for their Child Study Team Director. Throughout the summer, the Hopewell CST director collaborated with the Fairfield team to recruit, interview, and select the 2017-2018 CST staff as well as develop two SE classroom programs. The district has hired a full-time school psychologist, contracted with a social worker (3-4 days a week), and learning disabled teacher consultant(s) (8-10 hours a week). Over the course of the next month the CST will continue to review polices, IEPs, and prepare PD presentations that will orientate the district staff to in-house CST and SE programs.

Facilities: Fairfield Township School facilities accommodate students in grades PK-8. In addition, the district re-opened the athletic field during the 2017-2018 school years. The field offers additional physical educational program activities such as tennis, basketball, track, soccer, and other sports related activities. In addition, the field is open to the community after school hours and this has strengthened the relationship with the community.

Information Technology: The vision of Fairfield Township School is to implement a technology model that articulates the use of technology in all aspects of the school district. This includes classrooms that are interactive, flexible and ready for collaboration, audiovisual equipment, teaching aides and high-speed networks to enhance learning and the classroom experience. Fairfield's vision includes' the use of mobile laptop carts in the classroom to enhance instruction. Fairfield Township will use educational software, web-based resources and instructional technology research for curriculum integration. As part of the technology initiatives Fairfield Township have begun working towards these goals over the summer

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

7. DEBT ADMINISTRATION:

On December 8, 2009, the voters of the school district approved a referendum to construct an addition, as well as undertake various improvements, acquire equipment and make renovations to the elementary school. The total amount approved was \$3,984,772, of which \$1,984,772 was funded by a grant from the State of New Jersey and the remaining \$2,000,000 was funded through the issuance of bonds at various interest rates. Principal payments of bonds in the amount of \$95,000 were made during the 2017-18 fiscal year, resulting in a balance in bonds payable as of June 30, 2017 of \$1,370,000.

On September 15, 2014 the District refunded \$3,150,000 in Bonds Payable from the March 15, 2004 Construction of the new Elementary/Middle School, resulting in a net savings of \$56,000. Principal payments in the amount of \$295,000 were made during the 2017-18, resulting in a balance in these bonds payable as of June 30, 2017 of \$1,995,000.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

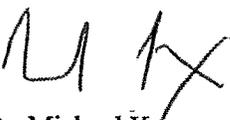
10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

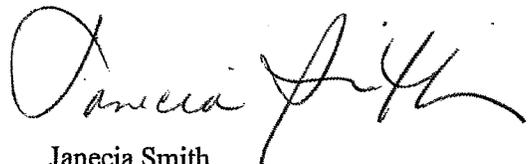
We would like to express our appreciation to the members of the Fairfield Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the public school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff. We received the complete cooperation from Nightlinger, Colavita & Volpa, P.A. and appreciate the courtesies extended to us.

Respectfully Submitted,



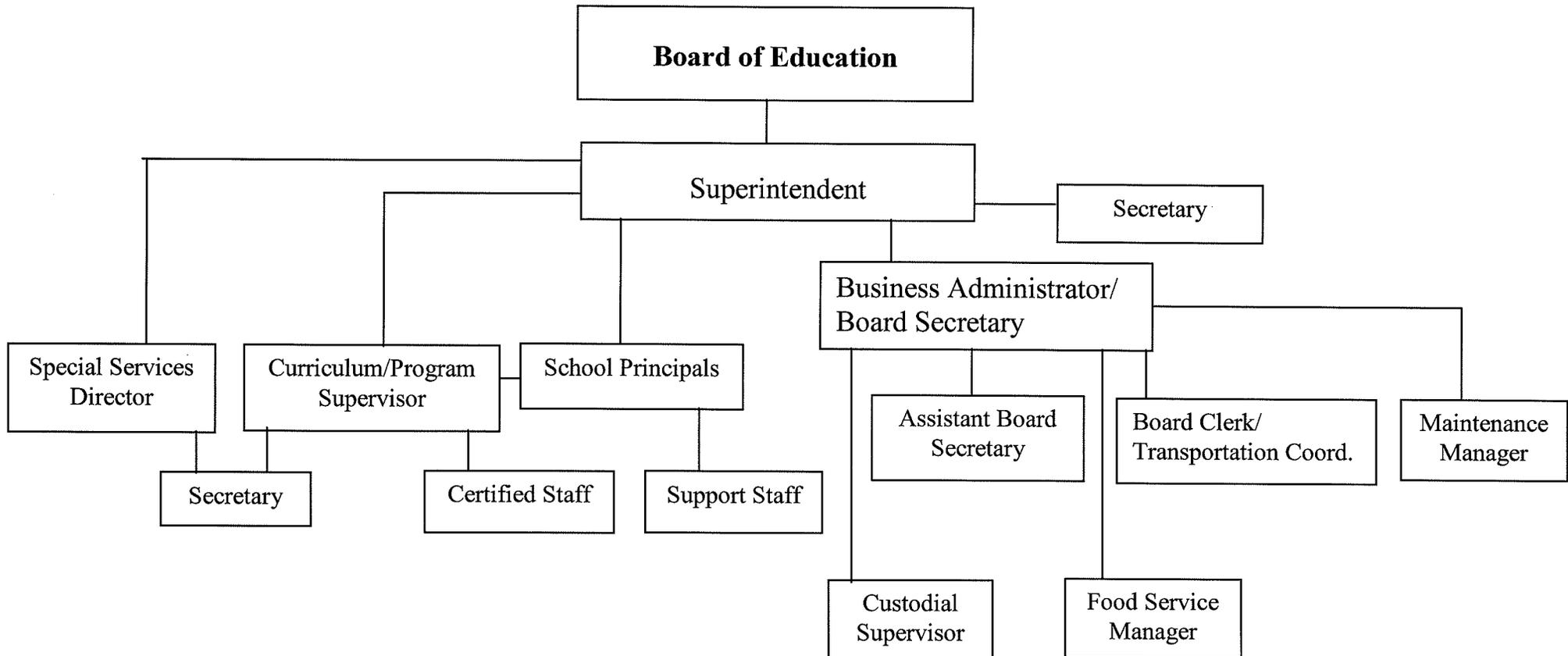
Dr. Michael Knox
Superintendent/Principal

Respectfully Submitted,



Janecia Smith
Business Administrator

ORGANIZATIONAL CHART



Approved by the Board of Education

FAIRFIELD TOWNSHIP BOARD OF EDUCATION
BRIDGETON, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2018

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Michelle Kennedy, President	2018
Alta Lloyd, Vice President	2018
Erica Goodwin	2020
Ruth Butler	2020
Robin Henry	2020
Darlington Henry, Jr.	2018
Mattie Gibbons	2019
Mark Henry, Sr.	2019
Marge Neild	2019
<u>OTHER OFFICIALS</u>	<u>BOND</u>
Dr. Michael Knox, Superintendent/Principal	
Janecia Smith, Business Administrator	\$ 100,000
Frank DiDomenico, Solicitor	

TOWNSHIP OF FAIRFIELD BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Frank DiDomenico
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Vineland, NJ 08362

OFFICIAL DEPOSITORY

Ocean First
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Vineland, New Jersey 08361

INSURANCE AGENCY

GCSSDJIF
PO Box 449
Marlton, New Jersey 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

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www.colavita.net

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Fairfield Township School District
County of Cumberland, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Fairfield Township School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Fairfield Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Fairfield Township Board of Education in the County of Cumberland, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to accounting and reporting for pensions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairfield Township School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

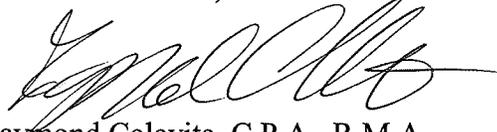
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 24, 2019 on our consideration of the Fairfield Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fairfield Township Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Fairfield Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915
January 24, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
FAIRFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED

The discussion and analysis of Fairfield Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- ❖ The assets and deferred outflows of the School District exceeded its liabilities and deferred inflows at the close of the fiscal year ended June 30, 2018 by \$6,780,271.
- ❖ Total net position of governmental activities totaled \$6,510,767.
- ❖ General revenues accounted for \$8,600,284 in revenue, or 62.4% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions and capital grants accounted for \$5,192,607 or 40.7% to total revenues of \$13,792,891.
- ❖ Total net position of governmental activities decreased by \$64,720, made up of changes in cash and cash equivalents, cash deposited with the state as fiscal agent, various receivables and various liabilities.
- ❖ The School District had \$13,319,809 in governmental expenses, of which \$4,654,805 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily Federal and State aid) of \$8,600,284 were inadequate to provide for governmental activity programs resulting in a negative change in net position of \$64,720.
- ❖ The General Fund had \$8,233,457 in revenues, offset by \$8,129,537 in expenditures and net transfers of (\$192,906). As a result, the General Fund balance decreased by \$88,986 over 2017. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Fairfield Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Fairfield Township School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, “How did we do financially during 2018?” The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business-type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major (all) funds begins on page 23. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a comparative summary of the School District's net position for the years ended in 2018 and 2017.

Table 1
Net Position

	<u>2018</u>	<u>2017</u>
Assets		
Current and Other Assets	\$ 426,958	\$ 1,016,162
Capital Assets, Net	12,184,020	12,399,849
	<u>12,610,978</u>	<u>13,416,011</u>
Deferred Outflows of Resources	<u>570,758</u>	<u>754,853</u>
Liabilities		
Long-term Liabilities	3,554,941	3,913,712
Other Liabilities	2,287,702	3,090,011
	<u>5,842,643</u>	<u>7,003,723</u>
Deferred Inflows of Resources	<u>558,822</u>	<u>194,163</u>
Net Position		
Invested in Capital Assets, Net of Debt	8,782,321	8,603,172
Restricted	544,242	137,050
Unrestricted (Deficit)	(2,546,292)	(1,767,244)
	<u>\$ 6,780,271</u>	<u>\$ 6,972,978</u>

Table 2 shows the changes in net position from fiscal year's 2018 and 2017.

Table 2
Changes in Net Position

	2018	2017
Revenues		
Programs Revenues		
Charges for Services	\$ 36,624	\$ 44,772
Operating Grants and Contributions	5,155,983	5,403,519
General Revenues		
Property Taxes	1,463,522	1,297,426
Grants and Entitlements	7,175,550	6,096,926
Other	154,365	172,341
Total Revenues	13,986,044	13,014,984
Program Expenses		
Instruction	4,336,758	4,327,224
Support Services		
Tuition	43,253	399,745
Pupils and Instructional Staff	1,345,633	906,367
General Administration, School		
Administration, Business	606,534	611,488
Operations and Maintenance of Facilities	610,680	591,156
Pupil Transportation	543,984	576,813
Employee Benefits	5,163,724	4,408,981
Food Service	665,789	493,139
Other	384,835	380,691
Debt Service - Interest	284,408	292,458
Total Expenses	13,985,598	12,988,062
Transfer to Charter School	(193,153)	
Increase (Decrease) in Net Position	\$ (192,707)	\$ 26,922

Governmental Activities

The Statement of Activities shows the cost of program services and the program specific revenues offsetting those services. The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Program specific revenues of \$5,192,607 comprised 37.1% of the \$13,986,044 in total revenues and property taxes made up 10.5%, federal, state and local grants accounted for another 51.3% and 1.1% was for other revenue.

The District's total governmental revenues were \$13,255,089 for the fiscal year ended June 30, 2018. Property taxes made up 3.9% of governmental revenues, federal state and local grants accounted for 89.3% and 6.8% was for other revenue.

Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction	\$ 4,336,758	\$ 3,046,767	\$ 4,327,224	\$ 3,010,082
Support Services				
Tuition	43,253	43,253	399,745	399,745
Pupils and Instructional Staff	1,345,633	621,383	906,367	383,989
General Administration, School				
Administration, Business	606,534	606,534	611,488	611,488
Operation and Maintenance of Facilities	610,680	610,680	591,156	591,156
Pupil Transportation	543,984	543,984	576,813	576,813
Employee Benefits	5,163,724	2,523,160	4,408,981	1,359,592
Interest and Fiscal Charges	284,408	284,408	292,458	292,458
Other	384,835	384,835	380,691	380,691
 Total Expenses	 <u>\$ 13,319,809</u>	 <u>\$ 8,665,004</u>	 <u>\$ 12,494,923</u>	 <u>\$ 7,606,014</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Extracurricular activities includes expenses related to student activities provided by the School district which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Other includes unallocated depreciation and amortization.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$127,987.
- ❖ Charges for services represent \$36,624 of revenue. This represents amount paid by patrons for daily food services.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$501,178.

The School District's Funds

Information about the School District's major funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$11,274,252 and expenditures of \$11,171,304. The net change in fund balance for the year was a decrease of \$90,205, which includes a transfer to charter school of \$193,153.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) 2017</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,546,202	13.7%	\$ 76,435	5.2%
State Sources	8,603,822	76.3%	78,167	0.9%
Federal Sources	1,124,228	10.0%	348,448	44.9%
Total	<u>\$ 11,274,252</u>	<u>100.0%</u>	<u>\$ 503,050</u>	<u>4.7%</u>

The increase in Local Sources is attributed to an increase in the tax levy of \$166,096, offset by decreases in tuition of \$69,054, miscellaneous revenues of \$19,539 and interest earned of \$1,068.

The increase in State Sources is attributed to increases of \$220,411 in various State Public Aid categories, offset by decreases of \$142,244 in Special Projects grants.

The increase in Federal Sources is attributed to increases in various federal grant awards of \$348,488.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund Expenditures for the fiscal year ended June 30, 2018

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) 2017</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 4,336,758	38.9%	\$ 9,534	0.2%
Undistributed Expenditures	6,155,160	55.0%	464,377	8.2%
Capital Outlay	157,686	1.4%	(45,537)	-22.4%
Debt Service:				
Principal	390,000	3.5%	20,000	5.4%
Interest	131,700	1.2%	(11,550)	-8.1%
Total	\$ 11,171,304	100%	\$ 436,824	4.1%

The increase in current – instruction is attributed to increases in special instruction of \$2,310, regular instruction of \$3,017 and other instruction of \$12,540, offset by a decrease in other special instruction of \$8,333.

The increase in current – undistributed expenditures is attributed to increases in student and instruction services of \$439,266, plant maintenance of \$30,727, administrative expenses of \$21,675 and employee benefits of \$399,862, offset by decreases in pupil transportation of \$32,829, central services of \$26,629, tuition of \$356,492, and security of \$11,203.

The decrease in capital outlay is attributed to decreases in capital project spending and equipment costs.

Debt Service decreased due to payment of scheduled interest and principal on existing bonds.

General Fund Budgeting Highlights

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2018, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management in the following areas:

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations.
- ❖ Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated a deficit of \$266,831 in fund balance, the actual results for the year show a decrease in fund balance of \$58,705.

- ❖ Actual revenues were \$41,430 less than expected, which excludes TPAF pension and social security of \$1,083,340.
- ❖ The actual expenditures were \$542,857 less than expected, which excludes the on-behalf state aid payments for TPAF pension and social security of \$1,083,340.

Capital Assets

At the end of the fiscal year 2018, the School District had \$12,184,020 invested general in land, buildings, furniture and equipment, and vehicles and food service equipment. Table 4 shows fiscal 2018 balances compared to 2017.

Table 4
Capital Assets (Net of Depreciation) at June 30

	2018	2017
Land	\$ 179,994	\$ 179,994
Sites	281,969	298,264
Building and Improvements	11,368,536	11,683,775
Machinery and Equipment	353,521	237,816
Totals	\$ 12,184,020	\$ 12,399,849

Overall capital assets decreased \$215,829 from fiscal year 2017 to fiscal year 2018. Acquisitions of capital assets were \$117,212 in general equipment and \$71,685 in retirements, offset by depreciation expenses for the year of \$404,726, as calculated and a report prepared by an outside contractor.

Debt Administration

At June 30, 2018, the School District had \$3,554,941 as outstanding debt. Of this amount \$189,941 is for compensated absences and \$3,365,000 for bonds for school construction.

On September 30, 2003, the voters of Fairfield Township approved the construction of a new school in the amount of \$16,158,947 of which \$10,677,079 (68.56%) was funded by the State of New Jersey, \$500,868 was funded by Capital Reserve of the School District and \$4,981,000 was funded by the issuance of Serial Bonds.

On December 8, 2009, the voters approved a referendum to construct an addition as well as undertake various improvements and renovations to the Fairfield Township Elementary School. Also included was the acquisition of the necessary equipment and any associated site work. The total cost of the project is \$3,984,772, of which \$1,984,772 will be funded by a grant from the State of New Jersey and \$2,000,000 was funded by the issuance of Serial Bonds on March 25, 2010. The initial interest payment of \$31,397.71 was paid on September 1, 2010 and the initial principal payment of \$70,000 was paid on March 1, 2011.

On September 15, 2016, the District refunded \$3,150,000 in Bonds payable from the March 15, 2004 Construction of the new Elementary/Middle School, resulting in a net savings of \$56,000.

At June 30, 2018, the School District's overall legal debt margin was \$8,573,263 and the unvoted debt margin was \$5,208,263 or 60.7%.

The purpose of serial bond debt of the district is as follows:

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Amount Outstanding June 30, 2018</u>
Construction of a new elementary/middle School including necessary onsite and offsite improvements, furniture and equipment associated with such improvements (Refunded)	9/15/14	\$ 3,150,000 \$	1,995,000
Construction of an addition as well as undertake various improvements and renovations to the Fairfield Township Elementary School and to acquire the necessary equipment and undertake any associated site work	3/1/10	\$ 2,000,000 \$	1,370,000

For the Future

Fairfield Township School District has planned and will be implementing a number of initiatives reflective of our continued development and implementation of best practice instructional strategies and instructional delivery to students during the 2017-2018 that will flow through to the 2018-2019 school year. While funding is always a concern to all school districts it has an especially significant impact to districts such as Fairfield. In our rural setting with limited rates and a significant percentage of economically disadvantaged families our students face complicated situations that may impact negatively on their learning. It is our hope that the State will continue to fund programs at or above the level they currently have funded. We as a district will continue our efforts in being proactive to secure necessary funding. We also will be expanding our efforts and program parameters to reach out to parents/guardians and the community to promote increased family and community involvement. Further we are committed to assist our families as needed in completing forms that can provide them with the resources they need as part of our school district family.

For the future, our goal is to continue to create an environment that is conducive to student learning. We will continue to provide professional development to empower staff in implementing best practice based instruction and student assessment. We will continue to promote student success through targeted instruction. We will implement a professional staff evaluation instrument (Charlotte Danielson's, Framework for Teaching model) that is among those evaluation instruments sanctioned by the State of New Jersey. Increased proficiency in the areas of ELA and mathematics continues to be a paramount goal. Further, we continue to refine, revise and implement a student behavior system that increases positive behavior recognition. We will also continue our efforts in working to create an environment where parents/guardians feel comfortable in working with the administration and staff to promote student success.

Our summer school program for students provides instruction in mathematics and ELA core standards and also provides both a breakfast and lunch program to those attending. This program also includes a culminating field trip activity. Another planned initiative is an after school tutorial program with transportation provided. During the school year from early December to May we have developed an after school tutorial program with student transportation that once again targets instructional areas of math and language.

In working toward these goals, we continue to rely on local, state and federal funding. Funding is our most pressing need to enable us to reach these goals. Fairfield Township School District's "Mission" is to continue efforts in "Pursuing Educational Excellence. Our community and Board of Education remain committed to providing the best educational opportunities for all of our students.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Janecia Smith, School Business Administrator at Fairfield Township Board of Education, 375 Gouldtown Woodruff Road, Bridgeton, NJ 08302.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 114,563	\$ 28,579	\$ 143,142
Due from Other Funds	11,706		11,706
Receivables, Net	173,232	86,390	259,622
Inventory		12,488	12,488
Restricted Assets:			
Capital Assets, Net (Note 5):	12,011,584	172,436	12,184,020
Total Assets	<u>12,311,085</u>	<u>299,893</u>	<u>12,610,978</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	570,758		570,758
LIABILITIES			
Accounts Payable	44,957	28,142	73,099
Net Pension Liability	2,028,884		2,028,884
Accrued Interest on Bonds	40,740		40,740
Unearned Revenue	142,732	2,247	144,979
Non-current Liabilities (Note 6):			
Due Within One Year	400,000		400,000
Due Beyond One Year	3,154,941		3,154,941
Total Liabilities	<u>5,812,254</u>	<u>30,389</u>	<u>5,842,643</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	522,123		522,123
Defeasance of Debt	36,699		36,699
Total Deferred Inflows	<u>558,822</u>		<u>558,822</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	8,609,885	172,436	8,782,321
Restricted:			
Excess Surplus	400,925		400,925
Capital Reserve	30,498		30,498
Maintenance Reserve	10,050		10,050
Capital Projects	86,296		86,296
Debt Service	16,473		16,473
Unrestricted (Deficit)	<u>(2,643,360)</u>	<u>97,068</u>	<u>(2,546,292)</u>
Total Net Position	<u>\$ 6,510,767</u>	<u>\$ 269,504</u>	<u>\$ 6,780,271</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 3,481,838	\$	\$ (1,289,991)	\$ (2,191,847)	\$	\$ (2,191,847)
Special Education	779,269			(779,269)		(779,269)
Other Instruction	75,651			(75,651)		(75,651)
Support Services:						
Tuition	43,253			(43,253)		(43,253)
Student & Instruction Related Services	1,345,633		(724,250)	(621,383)		(621,383)
General and Business Administrative Services	309,582			(309,582)		(309,582)
School Administrative Services	82,984			(82,984)		(82,984)
Central Services	164,852			(164,852)		(164,852)
Information Technology	49,116			(49,116)		(49,116)
Plant Operations and Maintenance	609,103			(609,103)		(609,103)
Security	1,577			(1,577)		(1,577)
Pupil Transportation	543,984			(543,984)		(543,984)
Employee Benefits	5,163,724		(2,640,564)	(2,523,160)		(2,523,160)
Interest on Debt Service	284,408			(284,408)		(284,408)
Unallocated Depreciation	384,835			(384,835)		(384,835)
Total Governmental Activities	13,319,809		(4,654,805)	(8,665,004)		(8,665,004)
Business-type Activities:						
Food Service	665,789	(36,624)	(501,178)		(127,987)	(127,987)
Total Business-type Activities	665,789	(36,624)	(501,178)		(127,987)	(127,987)
Total Primary Government	\$ 13,985,598	\$ (36,624)	\$ (5,155,983)	\$ (8,665,004)	\$ (127,987)	\$ (8,792,991)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 941,822	\$	\$ 941,822
Taxes Levied for Debt Service				521,700		521,700
Federal and State Aid not Restricted				7,175,550		7,175,550
Investment Earnings				1,436		1,436
Fixed Asset Adjustment				71,685		71,685
Transfer to Charter School				(193,153)		(193,153)
Miscellaneous Income				81,244		81,244
Total General Revenues, Special Items, Extraordinary Items and Transfers				8,600,284		8,600,284
Change in Net Position				(64,720)	(127,987)	(192,707)
Net Position—Beginning				6,575,487	397,491	6,972,978
Net Position—Ending				\$ 6,510,767	\$ 269,504	\$ 6,780,271

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 27,550	\$	\$ 86,543	\$ 16,473	\$ 130,566
Interfunds Receivable	147,402				147,402
District Tax Receivable	2				2
State Aid Receivable	31,380				31,380
Federal Aid Receivable		141,850			141,850
Total Assets	\$ 206,334	\$ 141,850	\$ 86,543	\$ 16,473	\$ 451,200
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 19,642	\$ 8,694	\$	\$	\$ 28,336
Interfund Payable	16,003	135,449	247		151,699
Miscellaneous Accounts Payable	16,621				16,621
Unearned Revenue		142,732			142,732
Total Liabilities	52,266	286,875	247		339,388
Fund Balances:					
Restricted For:					
Maintenance Reserve	10,050				10,050
Capital Reserve	30,498				30,498
Excess Surplus	263,184				263,184
Debt Service				16,473	16,473
Capital Projects Fund			86,296		86,296
Assigned - Designated for					
Subsequent Year's Expenditures	15,199				15,199
Excess Surplus Designated for Subsequent Year's Expenditures	137,741				137,741
Unassigned, Reported In:					
General Fund (Deficit)	(302,604)	(145,025)			(447,629)
Total Fund Balances (Deficit)	154,068	(145,025)	86,296	16,473	111,812
Total Liabilities and Fund Balances	\$ 206,334	\$ 141,850	\$ 86,543	\$ 16,473	

Amounts reported for *governmental activities* in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,715,619 and the accumulated depreciation is \$4,704,035 (Note 5).	12,011,584
Accrued Interest is not due and payable in the current period and are, therefore, not reported as liabilities.	(40,740)
Deferred Inflows on Debt Defeasance are not reported as a Liability or Fund Balance in the Governmental funds.	(36,699)
Long Term Net Pension Liability - PERS	(2,028,884)
Deferred Inflow - PERS	570,758
Deferred Outflow- PERS	(522,123)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).	(3,554,941)
Net position of Governmental Activities	\$ 6,510,767

The accompanying Notes to Financial Statements are an integral part of this statement.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local Tax Levy	\$ 941,822	\$	\$	\$ 521,700	\$ 1,463,522
Tuition from Other LEA'S	21,737				21,737
Tuition from Individuals	6,201				6,201
Interest Earned	1,189		247		1,436
Miscellaneous	53,306				53,306
Total - Local Sources	1,024,255		247	521,700	1,546,202
State Sources	7,202,393	1,401,429			8,603,822
Federal Sources	6,809	1,117,419			1,124,228
Total Revenues	8,233,457	2,518,848	247	521,700	11,274,252
EXPENDITURES					
Current:					
Instruction:					
Regular Instruction	2,191,847	1,289,991			3,481,838
Special Education Instruction	779,269				779,269
Other Instruction	75,651				75,651
Support Services:					
Tuition	43,253				43,253
Student & Instruction Related Services	621,383	724,250			1,345,633
General Administrative Services	309,582				309,582
School Administrative Services	82,984				82,984
Central Services	164,852				164,852
Admin. Information Technology	49,116				49,116
Plant Operations and Maintenance	609,103				609,103
Security	1,577				1,577
Pupil Transportation	543,984				543,984
Employee Benefits	2,499,250	505,826			3,005,076
Capital Outlay	157,686				157,686
Debt Service - Principal				390,000	390,000
Debt Service - Interest				131,700	131,700
Total Expenditures	8,129,537	2,520,067		521,700	11,171,304
Excess (Deficiency) of Revenues Over Expenditures	103,920	(1,219)	247		102,948
OTHER FINANCING SOURCES (USES)					
Transfers Interest from Capital Projects Fund	247		(247)		
Transfer to Charter School	(193,153)				(193,153)
Total Other Financing Sources and Uses	(192,906)		(247)		(193,153)
Net Change in Fund Balances	(88,986)	(1,219)			(90,205)
Fund Balance—July 1 (Deficit)	243,054	(143,806)	86,296	16,473	202,017
Fund Balance—June 30 (Deficit)	\$ 154,068	\$ (145,025)	\$ 86,296	\$ 16,473	\$ 111,812

The accompanying Notes to Financial Statements are an integral part of this statement.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (90,205)

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	\$	(384,835)	
Fixed Asset Adjustment		71,685	
Capital outlays		-	
		-	(313,150)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities. 390,000

In the Statement of Activities, the gain or loss on the refinancing of debt is reflected as an adjustment to interest cost, whereas there is no reported revenue or loss in the Governmental Funds. 4,978

In the Statement of Activities, certain operating expenditures such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). (31,229)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (25,114)

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental funds, interest is reported when due. -

Change in Net Position of Governmental Activities (A-2) **\$ (64,720)**

The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities Enterprise Funds	
	Food Service	Totals
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 12,576	\$ 12,576
Accounts Receivable:		
Federal	85,796	85,796
State	594	594
Interfund Accounts Receivable	16,003	16,003
Inventories	12,488	12,488
	127,457	127,457
Total Current Assets		
Fixed Assets:		
Equipment	319,138	319,138
Accumulated Depreciation	(146,702)	(146,702)
	172,436	172,436
Total Fixed Assets		
	299,893	299,893
Total Assets		
LIABILITIES		
Current Liabilities:		
Accounts Payable	28,142	28,142
Unearned Revenue	2,247	2,247
	30,389	30,389
Total Current Liabilities		
NET POSITION		
Invested in Capital Assets, Net of Related Debt	172,436	172,436
Unrestricted	97,068	97,068
	269,504	269,504
Total Net Position		
	\$ 269,504	\$ 269,504

The accompanying Notes to Financial Statements are an integral part of this statement.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs:		
School Breakfast Program	\$	\$
School Lunch Program		
Daily Sales - Non-Reimbursable Programs:	28,683	28,683
Special Functions	7,941	7,941
	36,624	36,624
Total Operating Revenue		
Operating Expenses:		
Cost of Sales - Reimbursable	296,814	296,814
Cost of Sales - Non-Reimbursable	8,679	8,679
Salaries	181,455	181,455
Employee Benefits	21,753	21,753
Management Fees	28,700	28,700
Miscellaneous	31,715	31,715
General Supplies	76,782	76,782
Depreciation	19,891	19,891
	665,789	665,789
Total Operating Expenses		
Operating Income (Loss)	(629,165)	(629,165)
Non-operating Revenues (Expenses):		
State Sources:		
State School Lunch Program	4,373	4,373
Federal Sources:		
National School Breakfast Program	155,899	155,899
National School Lunch Program	281,214	281,214
National School Snack Program	21,113	21,113
Summer Program	-	-
Food Distribution Program	38,198	38,198
Interest Earned	381	381
	501,178	501,178
Total Non Operating Revenues (Expenses)		
Income (Loss) Before Contributions & Transfers	(127,987)	(127,987)
Change in Net Position	(127,987)	(127,987)
Total Net Position—Beginning	397,491	397,491
Total Net Position—Ending	\$ 269,504	\$ 269,504

The accompanying Notes to Financial Statements are an integral part of this statement.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 36,624	\$ 36,624
Payments to Employees	(181,455)	(181,455)
Payments for Employee Benefits	(21,753)	(21,753)
Payments to Suppliers	(475,636)	(475,636)
	<hr/>	<hr/>
Net Cash Provided by (used for) Operating Activities	(642,220)	(642,220)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	4,373	4,373
Federal Sources	496,424	496,424
Board Subsidy and Interest	381	381
	<hr/>	<hr/>
Net Cash Provided by (used for) Non-capital Financing Activities	501,178	501,178
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Fixed Assets	(117,212)	(117,212)
	<hr/>	<hr/>
Net Cash Provided by (used for) Capital and Related Financing Activities	(117,212)	(117,212)
CASH FLOWS FROM INVESTING ACTIVITIES		
	<hr/>	<hr/>
Net Cash Provided by (used for) Investing Activities	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(258,254)	(258,254)
Balances—Beginning of Year	270,830	270,830
	<hr/>	<hr/>
Balances—End of Year	\$ 12,576	\$ 12,576
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (629,165)	\$ (629,165)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by: (used for) Operating Activities		
Depreciation and Net Amortization	19,891	19,891
(Increase)Decrease in Accounts Receivable, Net	(59,624)	(59,624)
(Increase)Decrease in Interfund Accounts Receivable, Net	68,587	68,587
(Increase)Decrease in Inventories	(3,447)	(3,447)
Increase(Decrease) in Accounts Payable	(34,416)	(34,416)
Increase(Decrease) in Unearned Revenue	(4,046)	(4,046)
	<hr/>	<hr/>
Total Adjustments	(13,055)	(13,055)
	<hr/>	<hr/>
Net Cash Provided by (used for) Operating Activities	\$ (642,220)	\$ (642,220)
	<hr/> <hr/>	<hr/> <hr/>
Noncash Noncapital Financing Activities:		
During the year, the District accepted \$40,178 of Food Commodities from the U. S. Department of Agriculture		

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency</u>	
	<u>Student</u>	
	<u>Activity</u>	<u>Payroll</u>
ASSETS		
Cash and Cash Equivalents	\$ 9,307	\$ 35,996
Total Assets	<u>\$ 9,307</u>	<u>\$ 35,996</u>
LIABILITIES		
Accounts Payable	\$	\$
Payroll Deductions and Withholdings		10,012
Flexible Spending Reserve		14,278
Due to General Fund		11,706
Payable to Student Groups	9,307	
Total Liabilities	<u>9,307</u>	<u>35,996</u>
NET POSITION		
Total Liabilities and Net Position	<u>\$ 9,307</u>	<u>\$ 35,996</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Fairfield Township School District is organized as a Type II District under the Constitution of the State of New Jersey. The District operates under a locally elected Board form of government consisting of nine members elected to three-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of forty-two square miles. It is located in Cumberland County and provides education for all of Fairfield Township's grades K through 8. The District currently operates two instructional buildings with the administrative offices in the primary school building. The Fairfield Township School District had an approximate enrollment at June 30, 2018 of 576 students.

Reporting Entity:

As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards:

The district adopted the following GASB statements:

- GASB No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*: The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. The adoption of GASB 74, did not impact the financial statements of the School District.

31
Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards:

The School District has adopted the following GASB statements:

- *GASB No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions:* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75 will impact the financial statements of the School District.
- *GASB No. 85 - Omnibus 2017:* The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 85 is not expected to impact the financial statements of the School District.
- *GASB No. 86 - Certain Debt Extinguishment Issues:* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 86 is not expected to impact the financial statements of the School District.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- *GASB No. 83 - Certain Asset Retirement Obligations:* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards (Continued):

- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.

- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.

- GASB No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 88 on the School District's financial statements.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards (Continued):

- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.

- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation:

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements: The statement of net position and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued):

GOVERNMENTAL FUND

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for and the payment of, principal and interest on bonds issued to finance major property acquisition, construction, and improvement programs.

PROPRIETARY FUND TYPE

The focus of Proprietary Fund measurement is on determination of net income, financial position and cash flows. The applicable generally accepted accounting principles are similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

36
Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued):

Enterprise (Food Service) Fund: The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund Equipment	7 – 20 Years
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FIDUCIARY FUND TYPES

Trust and Agency Funds- The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Expendable Trust Fund- An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance and a scholarship fund.

Nonexpendable Trust Fund- A nonexpendable trust fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal.

Agency Funds (Payroll and Student Activities Fund) - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and expenses are recorded at the time liabilities are incurred.

38
Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2 (f) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1 and C-2, include all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the General fund Budgetary Comparison schedule and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows the modified accrual basis, with the exception of the recognition policy for the last state aid payment.

E. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Encumbrance Accounting (Continued):

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable:

Tuition charges for the fiscal years 2014-15, 2015-16 and 2016-17 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

H. Inventories and Prepaid Expenses (Continued):

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

I. Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Assets, Liabilities and Equity:

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Inventories

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018, included below, is Commodity Food Inventory of \$2,247.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Assets, Liabilities and Equity (Continued):

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$	9,725
Supplies		2,763
Total	\$	12,488

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Capital Assets

General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2018 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the Statement of Net Assets. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Site Improvement	20
School Building	30-50
Building Improvements	20
Equipment	5-10

K. Compensated Absences:

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies and negotiated contracts. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits are cumulative and payable upon retirement according to contract terms.

The liability for vested compensated absences of governmental fund types is recorded in the general long-term debt account group. The current portion of the compensated absences balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The liability for vested compensated absences of the proprietary fund type is recorded within those funds as the benefits accrue to employees. As of June 30, 2018 no liability existed for compensated absences in the proprietary fund types.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Unearned Revenue:

Unearned revenue in the Special Revenue Fund represents cash, which has been received but not yet earned.

M. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

N. Allocation of Indirect Expenses:

The District reports direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

O. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets.

P. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Q. Comparative Data/Reclassifications:

Comparative total data for the prior year has been presented in order to provide an understanding of changes on the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

S. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the year.

T. Net Position:

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

U. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

V. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end. Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Revenues – Exchange and Non-exchange Transactions (Continued):

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

W. Lease Acquisition Costs:

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2018.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows; the market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued):

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- a.) Bonds or other obligations of or guaranteed by the United States.
- b.) Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date not greater than twelve months from the date of purchase.
- c.) Bonds or other obligations of the school district.
- d.) New Jersey Cash Management Fund –New Jersey the School Districts are permitted to participate in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2018, the District had no funds on deposit with the New Jersey Cash Management Fund.

As of June 30, 2018, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking accounts	\$ 188,445

As of June 30, 2018, the District had no other investments.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2018, the School District's bank balance of \$640,386 was exposed to custodial credit risk as follows:

Insured	\$250,000
Uninsured and collateralized with securities held by pledging financial institutions	<u>390,386</u>
Total	<u><u>\$640,386</u></u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

NOTE 4. OPERATING LEASES

The District has entered into operating leases for copying equipment. During the year beginning July 1, 2018, there was one existing lease on copiers for a term of five years. The future minimum lease payments are as follows:

2018-2019	\$ 23,988
2019-2020	23,988
2020-2021	23,988
Total	<u><u>\$ 71,964</u></u>

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 179,994	\$ -	\$ -	\$ 179,994
Construction in Progress				
Total Capital Assets not being Depreciated	<u>179,994</u>			<u>179,994</u>
Site Improvements	425,996			425,996
Building and Building Improvements	15,946,934		(373,597)	15,573,337
Machinery and Equipment	611,184		(74,892)	536,292
Totals at Historical Cost	<u>16,984,114</u>		<u>(448,489)</u>	<u>16,535,625</u>
Less Accumulated Depreciation for :				
Site Improvements	(127,732)	(16,295)		(144,027)
Building and Improvements	(4,263,159)	(311,592)	369,950	(4,204,801)
Equipment	(448,483)	(56,948)	150,224	(355,207)
Total Accumulated Depreciation	<u>(4,839,374)</u>	<u>(384,835)</u>	<u>520,174</u>	<u>(4,704,035)</u>
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	<u>12,144,740</u>	<u>(384,835)</u>		<u>11,831,590</u>
Government Activities				
Capital Assets, Net	<u>\$ 12,324,734</u>	<u>\$ (384,835)</u>	<u>\$ 71,685</u>	<u>\$12,011,584</u>
	To A-1			To A-1
Business-type Activities - Equipment	\$ 268,916	\$ 117,212	\$ (66,990)	\$ 319,138
Less Accumulated Depreciation	(193,801)	(19,891)	66,990	(146,702)
Business-type Activities				
Capital Assets, Net	<u>\$ 75,115</u>	<u>\$ 97,321</u>	<u>\$ -</u>	<u>\$ 172,436</u>

Depreciation expense was charged to governmental functions
as follows:

Unallocated	<u>\$ 384,835</u>
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Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
General Obligation						
Bonds Payable	\$3,755,000	\$ -	\$ (390,000)	\$3,365,000	\$ 400,000	\$ 2,965,000
Compensated Absences Payable	158,712	31,229		189,941		189,941
Total Other Liabilities	<u>\$3,913,712</u>	<u>\$ 31,229</u>	<u>\$ (390,000)</u>	<u>\$3,554,941</u>	<u>\$ 400,000</u>	<u>\$ 3,154,941</u>

To A-1

A. Bonds Payable:

General obligation Bonds are authorized in accordance with State law by the voters of the municipality through referendums and retired in serial installments within the statutory period of usefulness.

As of June 30, 2018, there exists a balance of outstanding principal in the 2010 and refunded 2004 bond issues totaling \$3,365,000. Combined Principal and interest due on the two serial bond issues outstanding as of June 30, 2018 are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 400,000	\$ 119,525	\$ 519,525
2020	415,000	107,025	522,025
2021	425,000	94,075	519,075
2022	440,000	80,825	520,825
2023	460,000	67,125	527,125
2024	475,000	49,000	524,000
2025	110,000	30,000	140,000
2026	120,000	25,600	145,600
2027	120,000	20,800	140,800
2028	130,000	16,000	146,000
2029	130,000	10,800	140,800
2030	140,000	5,600	145,600
	<u>\$ 3,365,000</u>	<u>\$ 626,375</u>	<u>\$ 3,991,375</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District had no capital leases during the fiscal year ended June 30, 2018.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 7. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Fairfield Board of Education by the original 1994-95 annual capital outlay budget, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes, or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both.

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

In the 2001-02 school-year, the District established a Capital Reserve Account by board resolution.

The Capital Reserve account had a balance of \$30,498 as of June 30, 2018.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2018 is \$844,237.

NOTE 8. MAINTENANCE RESERVE

A Maintenance Reserve account was established by the Township of Fairfield Board of Education by resolution in the 2008-09 school-year. At June 30, 2018 there was a balance of \$10,050 in Maintenance Reserve.

NOTE 9. PENSION PLANS

Description of Plans- All required employees of the School District are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. For additional information about PERS or TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System

The following represents the membership tiers for PERS and TPAF:

Tier	Definition
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.34% of employees' annual compensation through June 30, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The District's contributions to PERS for the years ended June 30, 2018, and 2017, were \$86,068 and \$79,993 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the year ended June 30, 2018 was \$5,368,763. Payroll covered by PERS was \$773,440 for fiscal year 2018. Contributions to the system for the year ended June 30, 2018 were as follows:

	<u>PERS</u>
Employees	\$ 56,771
District	<u>86,068</u>
Total	<u>\$ 142,839</u>

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2018, as follows:

Public Employees Retirement System					
Fiscal Year	Normal Contribution	Accrued Liability	Total Liability	Funded by State	Paid by District
2018	\$ 10,627	\$ 66,179	\$ 86,068	N/A	\$ 86,068

Components of Net Pension Liability - At June 30, 2018, the District's proportionate share of the PERS net pension liability was \$2,028,884. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017 was 0.008716% which was an increase of 0.00008% from its proportion measured as of June 30, 2016.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2018 PERS pension expense, with respect to GASB 68, was \$111,928. The District's 2018 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,773	\$
Changes of assumptions	408,750	407,252
Net difference between projected and actual earnings on pension plan investments	13,815	
Changes in proportion	14,352	114,871
Contributions subsequent to the measurement date	86,068	
Total	\$ 570,758	\$ 522,123

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>PERS</u>
2018	\$ (13,467)
2019	27,627
2020	7,984
2021	(56,242)
2022	(3,335)
Total	\$ (37,433)

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Additional Information-Collective Balances at June 30, 2018 and 2017 are as follows:

<u>Year</u>		<u>6/30/2018</u>		<u>6/30/2017</u>
Collective deferred outflows of resources	\$	570,758	\$	754,853
Collective deferred inflows of resources	\$	522,123	\$	152,486
Collective Net Pension Liability	\$	2,028,884	\$	2,557,502
District's Proportion		0.008716%		0.008635%

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	PERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	<u>100.00%</u>	

Discount Rate - The discount rate as of June 30, 2017 used to measure the total pension liability was 5.00% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

53
Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 9. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ <u>2,516,969</u>	\$ <u>2,028,884</u>	\$ <u>1,622,250</u>

Teachers' Pension and Annuity Fund

The TPAF was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost sharing multiple employer defined benefit pension plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100% special funding situation with the State of New Jersey.

Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/18	\$ 498,923	100 %	\$ N/A
6/30/17	610,700	100	N/A
6/30/16	610,700	100	N/A

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$498,923 to the TPAF for pension contributions, \$322,244 for post-retirement benefits on behalf of the School, and \$969 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$261,204 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2018, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at a fair value.

Pension Expense - For the year ended June 30, 2018, the District recognized pension expense of \$1,551,290 and revenue of \$1,551,290 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.25%

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

TPAF

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate – As indicated above, TPAF has a special funding situation where the State pays 100% of the District's annual required contribution.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 9. PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (Continued)

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Employees covered by benefit terms: At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post retirement medical benefits and the State contributed \$1.39 billion on their behalf.

PERS participant retirees

The state paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2017, was \$53,639,841,858. Of this amount, the total OPEB liability attributable to the School District was \$23,878,259. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.04452%. The total OPEB liability for the School District measured as of June 30, 2017 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2017 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS
Inflation Rate	2.50%	2.50%
	Based on	Based on
Salary Increases:	Years of Service	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of June 30, 2016 Measurement Date	\$ <u>25,926,011</u>
Changes for the year:	
Service cost	963,147
Interest cost	758,803
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	(3,236,996)
Member contributions	20,365
Gross benefit payments	(553,071)
Net changes	<u>(2,047,752)</u>
Balance as of June 30, 2017 Measurement Date	\$ <u><u>23,878,259</u></u>

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate (Continued):

June 30, 2017		
At 1.00% Decrease 2.58%	At Discount Rate 3.58%	At 1.00% Increase 4.58%
\$ 63,674,362,200	53,639,841,858	45,680,364,953

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

June 30, 2017		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 44,113,584,560	53,639,841,858	66,290,599,457

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the School District recognized OPEB expense of \$1,372,182. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions		2,823,986
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion		143,552
Contributions subsequent to the measurement date		
Total	\$	\$ 2,967,538

60
Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Measurement Period Ending June 30,	OPEB
2018	\$ 296,015
2019	296,015
2020	296,015
2021	296,015
2022	296,015
Thereafter	1,047,894
Total	\$ 2,527,969

Special Funding Situation

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are GWN Securities, Inc., Equitable, Lincoln Investment Planning and Prudential.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018.

61
Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 147,402	\$ 16,003
Special Revenue Fund		135,449
Capital Project Fund		247
Payroll Fund		11,706
Enterprise Fund	16,003	
	\$ 163,405	\$ 163,405

NOTE 13. RISK MANAGEMENT

The District participates in the Gloucester, Cumberland, and Salem School Districts Joint Insurance Fund (GCSSDJIF). The Fund pools together member District resources, and, through consultation with insurance professionals, purchases coverage's, which include worker's compensation, property, general, automobile and school board legal liability, and boiler and machinery insurances.

As a member of the Fund, the Board is obligated for the prompt payment of any and all sums due to the Fund in accordance with its bylaws, statutes or regulations. However, the Board is not obligated for claims and expenses of another member District that are not covered by the Fund, or for that portion of any claim or liability which exceeds the Fund's limits of coverage.

A detailed schedule of the insurance coverage's provided by the Fund is included in the statistical section of the District's Comprehensive Annual Financial Report.

NOTE 14. LAND PURCHASE

On August 28, 1996 the Board completed the purchase of a 62-acre tract of land on Buckshutem Road. The Board's intention was to utilize the land as future school building site. The purchase price of the land was \$156,750, which was appropriated by the Board from fund balance and encumbered in the general fund during the 1995-96 fiscal year.

With the choice of the Board-owned property on Gouldtown-Woodruff Road to build the new school also having adequate land for possible future expansion, the Buckshutem Road property became excess. On September 22, 2004, the DOE granted the Board request for approval to sell the Buckshutem Road property. When the pre-sale appraisal came in at only \$116,000, the Board elected to hold the property in anticipation of a future increase in value.

NOTE 15. LITIGATION

According to the attorney, the district is involved in one lawsuit incidental to its operations and is being defended by the Board's insurance carrier. The total maximum exposure is considered material to the financial statements taken as a whole, but the actual value of the claim is to be determined.

62
Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 16. FUND BALANCE

General Fund

Of the \$178,690 General Fund balance at June 30, 2018, \$0 is assigned for encumbrances; \$425,547 is restricted as Excess Surplus, of which \$137,741 has been appropriated and included as anticipated revenue for the year ended June 30, 2018; \$10,050 is restricted for Maintenance Reserve, of which \$0 has been appropriated and included as anticipated revenue for the year ended June 30, 2018; \$30,498 has been restricted for Capital Reserve, of which none has been assigned and appropriated as anticipated revenue for the year ended June 30, 2018; \$15,199 has been assigned and appropriated as anticipated revenue for the year ended June 30, 2018 and (\$302,604) represents unassigned and an unrestricted deficit in fund balance. The above amounts exclude the 19th and 20th state aid payment received in July 2018 in the amount of \$570,659.

Debt Service Fund

Of the \$16,473 in Debt Service Fund balance at June 30, 2018, none has been assigned and appropriated and included as anticipated revenue for the year ended June 30, 2019.

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the NJ Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess surplus of \$137,741 is to be appropriated in the 2018-19 budget and \$263,184 is to be appropriated in the 2019-20 budget.

NOTE 18. INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT

The balance in the investment of capital assets of \$8,782,321 on Exhibit A-1 reflects the allocation of the outstanding bonded debt as a liability, whereas the proceeds of the bonds will remain in the capital projects fund until such time as the project costs are expended. At that time, the costs are transferred into the heading of Capital Assets.

NOTE 19. DEFICIT FUND BALANCES

The District had a deficit in Unassigned fund balance of (\$302,604) in the General Fund and (\$145,025) in the Special Revenue Fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

Fairfield Township School District
Notes to the Financial Statements
June 30, 2018

NOTE 19. DEFICIT FUND BALANCES (CONTINUED)

For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the General and Special Revenue Fund balances do not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's general fund deficit is less than the last state aid payments of \$570,659 and the special revenue fund deficit of \$145,025 is equal to the last state aid payments.

NOTE 20. TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

NOTE 21. SUBSEQUENT EVENTS

There were no other events noted, between the year-end and the date of the audit report, requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 941,822	\$	\$ 941,822	\$ 941,822	\$
Tuition from Other LEAs Within State	81,516		81,516	21,737	(59,779)
Tuition from Individuals				6,201	6,201
Interest on Investments				987	987
Interest Earned on Capital Reserve	5		5	152	147
Interest on Maintenance Reserve	5		5	50	45
Miscellaneous	50,000		50,000	53,306	3,306
Total Local Sources	1,073,348		1,073,348	1,024,255	(49,093)
State Sources:					
Equalization Aid	5,131,539	46,584	5,178,123	5,178,123	
Categorical Transportation Aid	158,123		158,123	158,123	
Categorical Special Education Aid	292,489		292,489	292,489	
Categorical Security Aid	168,555		168,555	168,555	
Adjustment Aid	244,271		244,271	244,271	
PARCC Readiness Aid	4,940		4,940	4,940	
Per Pupil Growth Aid	4,940		4,940	4,940	
Under Adequacy Aid	41,872		41,872	41,872	
Professional Learning Community Aid	5,600		5,600	5,600	
Host District Support Aid	7,744		7,744	7,744	
Other State Aids:					
Additional Non-Public Transportation Aid				4,350	4,350
Extraordinary Aid				13,705	13,705
On Behalf TPAF Pension Contribution (Non-budgeted)				498,923	498,923
On Behalf TPAF Post Retirement Contribution (Non-budgeted)				322,244	322,244
On Behalf TPAF Long-Term Disability Contribution (Non-budgeted)				969	969
Reimbursed TPAF Social Security Contribution (Non-budgeted)				261,204	261,204
Total State Sources	6,060,073	46,584	6,106,657	7,208,052	1,101,395
Federal Sources:					
Medicaid	17,201		17,201	6,809	(10,392)
Total Federal Sources	17,201		17,201	6,809	(10,392)
Total Revenues	7,150,622	46,584	7,197,206	8,239,116	1,041,910

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable (Unfavorable)
Expenditures:					
Current Expense:					
Instruction - Regular Program:					
Salaries of Teachers:					
Preschool Inclusion	\$ 10,299	\$	\$ 10,299	\$	\$ 10,299
Kindergarten	216,537	(59,074)	157,463	157,126	337
Grades 1-5	1,126,701	(81,198)	1,045,503	1,044,470	1,033
Grades 6-8	765,092	(32,855)	732,237	731,315	922
Home Instruction:					
Salaries of Teachers	4,800	6,930	11,730	11,730	
Undistributed Instruction - Regular:					
Purchased Professional - Educational Services	500	127,596	128,096	128,096	
Other Purchased Services	24,000	(8,847)	15,153	14,949	204
General Supplies	45,056	(8,957)	36,099	35,442	657
Textbooks	44,993	16,198	61,191	61,191	
Other Objects	7,950	1,500	9,450	7,528	1,922
Total Regular Programs	2,245,928	(38,707)	2,207,221	2,191,847	15,374
Learning and Language Disabilities:					
Salaries of Teachers	433,608	(138,181)	295,427	295,353	74
Other Salaries for Instruction	59,783	76,732	136,515	94,607	41,908
Purchased Professional-Educational Serv	3,800	(3,800)			
General Supplies	4,500	(3,644)	856	856	
Total Learning and/or Language Disabilities	501,691	(68,893)	432,798	390,816	41,982
Behavioral Disabilities:					
Salaries of Teachers	108,038	51,612	159,650	157,700	1,950
Other Salaries for Instruction	66,404	(16,484)	49,920	49,793	127
General Supplies	500		500	84	416
Total Behavioral Disabilities	174,942	35,128	210,070	207,577	2,493
Multiple Disabilities:					
Salaries of Teachers	54,377	220	54,597	54,597	
Supplies	500	779	1,279	799	480
Total Multiple Disabilities	54,877	999	55,876	55,396	480
Resource Room:					
Salaries of Teachers	144,656	(18,736)	125,920	125,480	440
General Supplies	928		928		928
Total Resource Room	145,584	(18,736)	126,848	125,480	1,368
Total Special Education	877,094	(51,502)	825,592	779,269	46,323
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	7,855	(7,855)			
General Supplies	500		500		500
Total Basic Skills/Remedial	8,355	(7,855)	500		500

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable (Unfavorable)
Expenditures (Continued):					
Current Expense (Continued):					
Bilingual Education - Instruction					
Salaries of Teachers	\$ 58,641	\$ (1,644)	\$ 56,997	\$ 56,997	\$
General Supplies	500	(265)	235		235
Total Bilingual Education - Instruction	59,141	(1,909)	57,232	56,997	235
School - Sponsored Co-curricular Activities - Instruction:					
Salaries	12,000	(150)	11,850	11,850	
Supplies and Materials	1,004	(850)	154		154
Total School - Sponsored Co-curricular Activities	13,004	(1,000)	12,004	11,850	154
School - Sponsored Athletics - Instruction:					
Salaries	12,000	(850)	11,150	4,500	6,650
Purchased Services	500	1,310	1,810	1,430	380
Supplies and Materials	500	540	1,040	874	166
Total School - Sponsored Athletics - Instruction	13,000	1,000	14,000	6,804	7,196
Total Instruction	3,216,522	(99,973)	3,116,549	3,046,767	69,782
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs within the State - Regular	15,000	178,465	193,465		193,465
Tuition - Other LEAs outside State - Regular		3,531	3,531		3,531
Tuition - Other LEAs within the State - Special	10,000	(10,000)			
Tuition to CSSD & Regional Day Schools	155,964	(112,711)	43,253	43,253	
Tuition to Private School for the Disabled - Within State	49,548	(22,270)	27,278		27,278
Total Instruction	230,512	37,015	267,527	43,253	224,274
Attendance and Social Work:					
Salaries	30,676	(589)	30,087	30,087	
Salaries - Residency Officer		12,000	12,000	11,319	681
Travel		100	100	19	81
Supplies and Materials	500	(100)	400	177	223
Total Attendance and Social Work	31,176	11,411	42,587	41,602	985
Health Services:					
Salaries	57,054	(4,847)	52,207	52,207	
Purchased Professional & Technical Services	12,441	(10,941)	1,500	1,500	
Other Purchased Services	200	(153)	47		47
Supplies & Materials	1,268	(569)	699	699	
Total Health Services	70,963	(16,510)	54,453	54,406	47
Other Support Services - Student - Related Services:					
Salaries					
Purchased Professional - Educational Services	65,204	32,860	98,064	96,172	1,892
Total - Other Support Serv - Student - Related Serv	65,204	32,860	98,064	96,172	1,892

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Expenditures (Continued):					
Current Expense (Continued):					
Undistributed Expenditures: (Continued):					
Special Education - Extraordinary Services					
Salaries - Aides	\$ 37,189	\$ (738)	\$ 36,451	\$ 36,001	\$ 450
Total - Special Education - Extraordinary Services	<u>37,189</u>	<u>(738)</u>	<u>36,451</u>	<u>36,001</u>	<u>450</u>
Guidance					
Salaries of Other Professional Staff	45,651	(531)	45,120	45,120	
Other Purchased Professional & Technical Services	10,000	(10,000)			
Other Purchased Services					
Supplies & Materials	5,000	3,000	8,000	7,179	821
Total - Other Support Services - Students - Regular	<u>60,651</u>	<u>(7,531)</u>	<u>53,120</u>	<u>52,299</u>	<u>821</u>
Child Study Teams					
Salaries of Other Professional Staff	103,899	30,630	134,529	134,529	
Salaries of Secretarial and Clerical Assistance	31,429	(7,575)	23,854	23,854	
Other Salaries	3,000	(3,000)			
Purchased Professional - Educational Services	28,287	5,788	34,075	34,075	
Other Purchased Professional & Tech Serv	3,000	(3,000)			
Supplies & Materials	500	812	1,312	1,312	
Total - Other Support Services - Students - Special	<u>170,115</u>	<u>23,655</u>	<u>193,770</u>	<u>193,770</u>	
Improvement of Instruction Services/Other Support:					
Salaries of Supervisors of Instruction	43,500	(5,500)	38,000	38,000	
Salaries of Math/LAL Coaches		96,524	96,524	96,524	
Other Purchased Services	500	(500)			
Supplies & Materials	500	(500)			
Other Objects	2,300	(2,300)			
Total - Improvement of Instruction Services/Other Support					
Services - Instructional Staff	<u>46,800</u>	<u>87,724</u>	<u>134,524</u>	<u>134,524</u>	
Educational Media Services - School Library:					
Salaries - Other Professional Staff		11,200	11,200	11,200	
Purchased Professional & Technical Services	3,000	(2,451)	549	549	
Supplies & Materials	500	(500)			
Other Objects	3,750	(3,750)			
Total Educational Media Services - School Library	<u>7,250</u>	<u>4,499</u>	<u>11,749</u>	<u>11,749</u>	
Instructional Staff Training Services:					
Purchased Professional - Educational Services	75	1,001	1,076	860	216
Other Purchased Services - Travel	1,000	(1,000)			
Supplies and Materials	250	(250)			
Total - Instructional Staff Training Services	<u>1,325</u>	<u>(249)</u>	<u>1,076</u>	<u>860</u>	<u>216</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Expenditures (Continued):					
Current Expense (Continued):					
Undistributed Expenditures: (Continued):					
Support Services - General Administration:					
Salaries	\$ 187,689	\$ (67,667)	\$ 120,022	\$ 120,022	\$
Salaries of Secretaries and Clerical		48,107	48,107	48,107	
Treasurer		13,076	13,076	10,000	3,076
Legal Services	12,000	10,486	22,486	20,545	1,941
Audit Fees	15,000	585	15,585	15,585	
Other Purchased Professional Services	2,500	(893)	1,607	1,577	30
Purchased Technical Services	2,000	(1,300)	700	500	200
Equipment Rental		600	600	598	2
Communications/Telephone	34,900	5,791	40,691	36,460	4,231
Travel		1,744	1,744	1,552	192
BOE Other Purchased Services	2,700	(2,700)			
Misc Purchased Services	36,300	2,870	39,170	39,170	
General Supplies	5,000	1,843	6,843	6,842	1
Judgments Against School District	2,500	(2,500)			
Miscellaneous Expenditures	1,200	7,653	8,853	8,624	229
BOE Membership Dues and Fees	4,000	(4,000)			
Total Support Services - General Administration	305,789	13,695	319,484	309,582	9,902
Support Services - School Administration:					
Salaries - Principals/Assistant Principals	43,500	(1,499)	42,001	42,000	1
Salaries - Secretarial & Clerical Assistants	32,427		32,427	32,226	201
Other Purchased Services	1,000	(1,000)			
Travel		1,000	1,000	820	180
Supplies & Materials	4,500	955	5,455	5,455	
Other Objects	3,000	(455)	2,545	2,483	62
Total Support Series - School Administration	84,427	(999)	83,428	82,984	444
Central Services					
Salaries of Business Administrator	170,536	(76,136)	94,400	93,750	650
Salaries of Other Staff		57,877	57,877	57,877	
Purchased Technical Services	17,784	(6,950)	10,834	6,471	4,363
Miscellaneous Purchased Services	5,000	(3,833)	1,167	1,167	
Supplies and Materials	3,500	669	4,169	3,852	317
Interest on Current Loans	500	(500)			
Miscellaneous Expenditures	1,350	810	2,160	1,735	425
Total Central Services	198,670	(28,063)	170,607	164,852	5,755
Admin. Info. Technology					
Salaries	29,000	2,200	31,200	30,786	414
Purchased Professional Services	9,500	3,000	12,500	12,329	171
Other Purchased Services	6,500	1,800	8,300	2,186	6,114
Supplies and Materials	2,000	1,815	3,815	3,815	
Total Admin. Info. Technology	47,000	8,815	55,815	49,116	6,699
Required Maintenance - School Facilities					
Cleaning, Repair, Maintenance Services	64,000	6,123	70,123	70,123	
General Supplies	10,000	20,679	30,679	30,667	12
Total - Required Maintenance - School Facilities	74,000	26,802	100,802	100,790	12

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Expenditures (Continued):					
Current Expense (Continued):					
Undistributed Expenditures: (Continued):					
Other Operation & Maintenance - Plant Services					
Salaries	\$	\$	\$	\$	\$
Purchased Professional & Technical Services	25,000	(12,586)	12,414	12,414	
Cleaning, Repair, Maintenance Services	205,000	3,462	208,462	184,790	23,672
Other Purchased Property Services	5,500	312	5,812	5,812	
Insurance	34,916	9,477	44,393	44,393	
Miscellaneous Purchased Services	560	(560)			
General Supplies	7,000	2,661	9,661	9,515	146
Energy (Natural Gas)	6,000	(6,000)			
Energy (Electricity)	205,000	(20,161)	184,839	170,463	14,376
Total - Other Operation & Maintenance - Plant Services	488,976	(23,395)	465,581	427,387	38,194
Care & Upkeep of Grounds					
Salaries	55,951	4,641	60,592	60,592	
Cleaning, Repair, Maintenance Services	17,500	55	17,555	17,555	
General Supplies	3,000	(391)	2,609	2,269	340
Other Objects	400	115	515	510	5
Total - Care & Upkeep of Grounds	76,851	4,420	81,271	80,926	345
Total - Operation & Maintenance - Plant Services	639,827	7,827	647,654	609,103	38,551
Security					
Salaries	13,692	(11,600)	2,092	528	1,564
General Supplies		2,001	2,001	1,049	952
Total - Security	13,692	(9,599)	4,093	1,577	2,516
Student Transportation Services:					
Salaries - Between Home & School - Regular	23,735	(3,063)	20,672	19,082	1,590
Management Fee - ESC & CTSA Trans. Program	21,622	(21,622)			
Other Purchased Prof. and Technical Serv.		22,158	22,158	22,098	60
Contracted Services - Aid in Lieu of Payments	25,000	16,533	41,533	39,088	2,445
Contracted Services - Aid in Lieu of Payments Choice	22,860	11,106	33,966	33,966	
Contracted Services (Not Home/School) - Vendors	20,295	(50)	20,245	19,425	820
Contracted Services (Home/School) - Joint Agreements	293,847	(29,846)	264,001	264,001	
Contracted Services (Special Ed) - Vendors	125,560	20,764	146,324	146,324	
Total - Student Transportation Services	532,919	15,980	548,899	543,984	4,915
UNALLOCATED BENEFITS:					
Social Security Contributions	84,000	34,131	118,131	105,104	13,027
Other Retirement Contributions - PERS	88,375	(993)	87,382	87,382	
Unemployment Compensation	18,500	3,609	22,109	22,109	
Workmen's Compensation	46,700		46,700	46,700	
Health Benefits	1,240,151	59,940	1,300,091	1,145,015	155,076
Tuition Reimbursement	7,000	2,600	9,600	9,600	
Other Employee Benefits	2,500	(2,500)			
Total - UNALLOCATED BENEFITS	1,487,226	96,787	1,584,013	1,415,910	168,103

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Expenditures (Continued):					
Current Expense (Continued):					
Undistributed Expenditures: (Continued):					
On-behalf TPAF Pension Contributions (Non-Budgeted)	\$	\$	\$	\$ 498,923	\$ (498,923)
On-behalf TPAF Post Retirement Med. Contributions (Non-Budgeted)				322,244	(322,244)
On Behalf TPAF Long-Term Disability Contribution (Non-budgeted)				969	(969)
Reimbursement TPAF Social Security Contributions (Non-Budgeted)				261,204	(261,204)
Total - UNDISTRIBUTED EXPENDITURES	<u>4,030,735</u>	<u>276,579</u>	<u>4,307,314</u>	<u>4,925,084</u>	<u>(617,770)</u>
Interest on Maintenance Reserve	5		5		5
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>7,247,262</u>	<u>176,606</u>	<u>7,423,868</u>	<u>7,971,851</u>	<u>(547,983)</u>
CAPITAL OUTLAY:					
Increase in Capital Reserve:					
Interest Deposit to Capital Reserve	5	(5)			
Undistributed Expenditures - Equipment					
Grades 6-8					
Administrative	5,000		5,000		5,000
Custodial	2,500	(2,500)			
Care and Upkeep of Grounds	2,500		2,500		2,500
Security	2,500	(2,500)			
Total Equipment	<u>12,500</u>	<u>(5,000)</u>	<u>7,500</u>		<u>7,500</u>
Facilities Acquisition & Construction Services					
Assessment for Debt Service on SDA Funding	157,686		157,686	157,686	
Total - Facilities Acquisition & Construction Services	<u>157,686</u>		<u>157,686</u>	<u>157,686</u>	
TOTAL - CAPITAL OUTLAY	<u>170,191</u>	<u>(5,005)</u>	<u>165,186</u>	<u>157,686</u>	<u>7,500</u>
TOTAL EXPENDITURES	<u>7,417,453</u>	<u>171,601</u>	<u>7,589,054</u>	<u>8,129,537</u>	<u>(540,483)</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (266,831)	\$ (125,017)	\$ (391,848)	\$ 109,579	\$ 501,427
Other Financing Sources (Uses):					
Transfer to Charter School	(108,236)	(84,917)	(193,153)	(193,153)	
Transfer from Capital Project Fund - Interest				247	247
Total Other Financing Sources (Uses)	<u>(108,236)</u>	<u>(84,917)</u>	<u>(193,153)</u>	<u>(192,906)</u>	<u>247</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(375,067)	(209,934)	(585,001)	(83,327)	501,674
Fund Balances, July 1	808,054		808,054	808,054	
Fund Balances, June 30	<u>\$ 432,987</u>	<u>\$ (209,934)</u>	<u>\$ 223,053</u>	<u>\$ 724,727</u>	<u>\$ 501,674</u>

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:

Maintenance Reserve	\$ 10,050
Excess Surplus	263,184
Capital Reserve	30,498

Assigned Fund Balance:

Excess Surplus Designated for Next Year's Expenditures	137,741
Designated for Subsequent Year's Expenditures	15,199

Unassigned Fund Balance

268,055
724,727

Reconciliation to Governmental Fund Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis	(570,659)
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TOTAL

\$ 154,068

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 730,967	\$ 723,478	\$ 1,454,445	\$ 1,402,648	\$ (51,797)
Federal Sources	1,297,199	39,016	1,336,215	1,180,304	(155,911)
Total Revenues	2,028,166	762,494	2,790,660	2,582,952	(207,708)
EXPENDITURES:					
Instruction					
Salaries of teachers	639,353	85,416	724,769	662,749	62,020
Other Salaries for Instruction	361,105	(39,292)	321,813	309,313	12,500
Unused Vacation Payments to Terminated/retired Staff	7,095	(3,000)	4,095		4,095
Purchased Prof/Ed. Services	40,000	(21,010)	18,990	18,880	110
Other Purchased Services	6,791	(4,391)	2,400		2,400
Tuition	165,598	23,944	189,542	189,542	
General Supplies	31,236	138,718	169,954	167,681	2,273
Other Objects	1,000	5,355	6,355	4,711	1,644
Total Instruction	1,252,178	185,740	1,437,918	1,352,876	85,042
Support Services					
Salaries		82,322	82,322	66,478	15,844
Salaries of Principals/Asst Prin/ Prog Dir	70,963	50,162	121,125	89,975	31,150
Salary of School Psychologist		58,000	58,000	56,902	1,098
Salaries of Other Professional Services	25,486	1,841	27,327	25,834	1,493
Salary - Data Entry Collection		47,367	47,367	37,385	9,982
Salaries of Parent Liaison		47,367	47,367	40,600	6,767
Salaries of Resource Assistant		14,506	14,506	13,492	1,014
Salaries of Secretarial/Clerical	33,861		33,861	33,369	492
Other Salaries - Security	13,824		13,824	13,791	33
Salaries of Master Teachers	62,195	957	63,152	63,152	
Unused Vacation Payments to Terminated/retired Staff	8,823	(6,002)	2,821		2,821
Personal Services - Employee Benefits	388,866	124,751	513,617	505,826	7,791
Purchased Professional & Educational Services	2,000	5,800	7,800	7,699	101
Purchased Prof. and Technical Services		51,785	51,785	43,957	7,828
Other Purchased Professional Services	10,000	37,956	47,956	42,232	5,724
Cleaning, Repair & Maintenance Services - Preschool	52,000	19,068	71,068	67,465	3,603
Rentals	1,000	2,447	3,447	3,447	
Other Purchased Services	23,500	13,337	36,837	26,280	10,557
Contracted Transp Grants	57,000	2,317	59,317	57,451	1,866
Contracted Transp Grants - Field Trips	5,000	900	5,900	5,900	
Travel	5,000	(1,852)	3,148	350	2,798
Miscellaneous Purchased Services	2,000		2,000	1,969	31
Supplies and Materials	6,000	27,146	33,146	21,498	11,648
Other Objects	5,470	(4,459)	1,011	986	25
Indirect Costs		4,038	4,038	4,038	
Total Support Services	772,988	579,754	1,352,742	1,230,076	122,666
Facilities Acquisition and Construction Services:					
Buildings					
Instructional Equipment					
Non-Instructional Equipment	3,000	(3,000)			
Total Facilities Acquisition and Construction Services	3,000	(3,000)			
Total Expenditures	2,028,166	762,494	2,790,660	2,582,952	207,708
Other Financing Sources (Uses)					
Total Outflows	2,028,166	762,494	2,790,660	2,582,952	207,708
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGET - TO - GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 8,239,116	[C-2]	\$ 2,582,952
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Current Year			(62,885)
Prior Year			
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	565,000		143,806
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(570,659)		(145,025)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	[B-2] \$ 8,233,457	[B-2]	\$ 2,518,848
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 8,129,537	[C-2]	\$ 2,582,952
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Current Year			(62,885)
Prior Year			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund			
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	[B-2] \$ 8,129,537	[B-2]	\$ 2,520,067

REQUIRED SUPPLEMENTARY INFORMATION - PART III

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.008716%		0.008635%		0.009151%		0.009397%		0.009766%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,028,884	\$	2,557,502	\$	2,054,136	\$	1,759,386	\$	1,866,431
District's Covered-Employee Payroll	\$ 773,440	\$	538,876	\$	539,382	\$	589,032	\$	619,353
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	262.32%		474.60%		380.83%		298.69%		301.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%		40.14%		47.93%		52.08%		48.72%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-2

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS

PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 86,068	\$ 79,993	\$ 80,910	77,468	73,583
Contributions in Relation to the Contractually Required Contribution	<u>(86,068)</u>	<u>(79,993)</u>	<u>(80,910)</u>	<u>(77,468)</u>	<u>(73,583)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u></u>	<u></u>
District's Covered-Employee Payroll	\$ 773,440	\$ 538,876	\$ 539,382	589,032	619,353
Contributions as a Percentage of Covered-Employee Payroll	11.13%	14.84%	15.00%	13.15%	11.88%

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

TEACHERS' PENSION PLAN

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability(Asset)	0.033213%	0.034818%	0.034161%	0.036360%	0.036295%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 22,393,237	\$ 27,390,015	\$ 21,591,343	\$ 19,433,469	\$ 18,343,063
District's Covered-Employee Payroll	\$ 3,790,981	\$ 3,282,673	\$ 3,318,640	\$ 3,277,879	\$ 3,460,718
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee payroll	590.70%	834.38%	650.61%	592.87%	530.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-4

Fairfield Township School District
SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension Plan

The School District was not required to make any contributions towards TPAF.

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for five years. Additional years will be presented as they become available.

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

FAIRFIELD TOWNSHIP SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
Pension Schedules**

For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Change of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Change of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 963,147
Interest	758,803
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(3,236,996)
Member contributions	20,365
Benefit payments	(553,071)
Net change in total OPEB liability	<u>(2,047,752)</u>
Total OPEB liability - beginning	<u>25,926,011</u>
Total OPEB liability - ending	<u>\$ 23,878,259</u>
Covered-employee payroll	<u>\$ 4,564,421</u>
Total OPEB liability as a percentage of covered-employee payroll	523.14%

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions: The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Title I Part A</u>	<u>Title II Part A</u>	<u>Title V RLIS</u>	<u>Preschool Education</u>	<u>Sub-Total Per E-1(2)</u>	<u>Totals 2018</u>
REVENUES:						
State Sources				\$ 1,402,648		\$ 1,402,648
Federal Sources	\$ 349,750	\$ 24,492	\$ 10,374		\$ 795,688	\$ 1,180,304
Total Revenues	<u>349,750</u>	<u>24,492</u>	<u>10,374</u>	<u>1,402,648</u>	<u>795,688</u>	<u>2,582,952</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	129,901			471,733	61,115	662,749
Other Salaries for Instruction	97,732			211,581		309,313
Purchased Professional/Educ Services	5,990			12,890		18,880
Tuition					189,542	189,542
General Supplies	10,128		10,374	13,550	133,629	167,681
Other Objects				4,711		4,711
Total Instruction	<u>243,751</u>		<u>10,374</u>	<u>714,465</u>	<u>384,286</u>	<u>1,352,876</u>
Support Services:						
Salaries	28,590	19,060			18,828	66,478
Salaries of Principals/Asst Prin/ Prog Dir				24,000	65,975	89,975
Salary of School Psychologist					56,902	56,902
Salaries of Other Professional Staff				25,834		25,834
Salary - Data Entry Collection					37,385	37,385
Salaries of Parent Liaison					40,600	40,600
Salaries of Resource Assistant					13,492	13,492
Salaries of Secretarial/Clerical				33,369		33,369
Other Salaries - Security				13,791		13,791
Salaries of Master Teachers				63,152		63,152
Personal Services-Employee Benefits	47,852	2,496		371,367	84,111	505,826
Purchased Prof./Educational Services				7,699		7,699
Purchased Prof. and Technical Services	26,737				17,220	43,957
Other Purchased Professional Services				5,197	37,035	42,232
Cleaning, Repair & Maint Services				67,465		67,465
Rentals				3,447		3,447
Other Purchased Services	1,849	2,936			21,495	26,280
Contractual Transport.				57,451		57,451
Contractual Transport. - Field Trips				5,900		5,900
Travel				27	323	350
Miscellaneous Purchased Services				1,969		1,969
Supplies and Materials				7,500	13,998	21,498
Other Objects	971			15		986
Indirect Costs					4,038	4,038
Total Support Services	<u>105,999</u>	<u>24,492</u>		<u>688,183</u>	<u>411,402</u>	<u>1,230,076</u>
Facilities Acquisition:						
Instructional Equipment						
Non-Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	<u>\$ 349,750</u>	<u>\$ 24,492</u>	<u>\$ 10,374</u>	<u>\$ 1,402,648</u>	<u>\$ 795,688</u>	<u>\$ 2,582,952</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>IDEA</u>		<u>School Improvement</u>		<u>Totals 2018</u>
	<u>B-Basic</u>	<u>Pre K</u>	<u>2017</u>	<u>2018</u>	
REVENUES:					
Federal Sources	\$ 189,542	\$ 11,195	\$ 78,362	\$ 516,589	\$ 795,688
Total Revenues	<u>189,542</u>	<u>11,195</u>	<u>78,362</u>	<u>516,589</u>	<u>795,688</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers				61,115	61,115
Tuition	189,542				189,542
General Supplies				133,629	133,629
Total Instruction	<u>189,542</u>			<u>194,744</u>	<u>384,286</u>
Support Services:					
Salary			12,129	6,699	18,828
Salary of Project Director			10,996	54,979	65,975
Salary of School Psychologist				56,902	56,902
Salary - Data Entry Collection			6,766	30,619	37,385
Salaries of Parent Liaison			6,767	33,833	40,600
Salaries of Resource Assistant				13,492	13,492
Salaries of Secretarial/Clerical					-
Personal Services-Employee Benefits			6,086	78,025	84,111
Purchased Professional and Technical Services				17,220	17,220
Purchased Professional Services		11,195	25,840		37,035
Other Purchased Services				21,495	21,495
Travel				323	323
Supplies and Materials			9,778	4,220	13,998
Indirect Costs				4,038	4,038
Total Support Services		<u>11,195</u>	<u>78,362</u>	<u>321,845</u>	<u>411,402</u>
Facilities Acquisition:					
Instructional Equipment					
Total Facilities Acquisition					
Total Expenditures	<u>\$ 189,542</u>	<u>\$ 11,195</u>	<u>\$ 78,362</u>	<u>\$ 516,589</u>	<u>\$ 795,688</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 471,733	\$ 471,733	\$
Other Salaries of Instruction	221,499	211,581	9,918
Unused Vacation Payment to Terminated/Retired Staff	4,095		4,095
Purchased Professional/Educ Services	13,000	12,890	110
General Supplies	14,189	13,550	639
Other Objects	5,695	4,711	984
Total Instruction	730,211	714,465	15,746
Support Services:			
Salaries of Program Directors	44,154	24,000	20,154
Salaries of Other Professional Staff	27,327	25,834	1,493
Salaries of Secretarial & Clerical Assistants	33,861	33,369	492
Other Salaries - Security	13,824	13,791	33
Salaries of Master Teachers	63,152	63,152	
Unused Vacation Payment to Terminated/Retired Staff	2,821		2,821
Personal Services-Employee Benefits	371,566	371,367	199
Purchased Professional & Educational Services	7,800	7,699	101
Other Purchased Professional - Services	7,800	5,197	2,603
Cleaning Repair and Maint Services	71,067	67,465	3,602
Rentals	3,447	3,447	
Contractual Service-Tran. (Bet. Home & School)	59,317	57,451	1,866
Contractual Service-Tran. (Field Trips)	5,900	5,900	
Travel	2,683	27	2,656
Miscellaneous Purchased services	2,000	1,969	31
Supplies and Materials	7,500	7,500	
Other Objects	15	15	
Total Support Services	724,234	688,183	36,051
Facilities Acquisition and Construction Services:			
Instruction Equipment			
Non-Instructional Equipment			
Total Facilities Acquisition and Construction Services			
Contribution to Charter Schools			
Total Expenditures	\$ 1,454,445	\$ 1,402,648	\$ 51,797

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2017-18 Preschool Education Aid Allocation	\$ 1,450,253		(1)
Add: Actual ECPA/PEA Carryover (June 30, 2017)	24,622		(2)
Add: Budgeted Transfer from the General Fund 2017-18			(3)
Total Preschool Education Aid Funds Available for 2017-18 Budget	1,474,875		(4)
Less: 2017-18 Budgeted Preschool Education Aid (including prior year budget carryover)	1,454,445		(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018	20,430		(6)
Add: June 30, 2018 Unexpended Preschool Education Aid	51,797		(7)
Less: 2017-18 Commissioner-approved Transfer to the General Fund			(8)
2017-18 Carryover -Preschool Education Aid Programs	\$ 72,227		(9)
2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs 2018-19	\$ 4,103		(10)

Note: Since the 2017-18 Actual Carryover is more than the amount budgeted in 2018-19, the District should consider revising its 2018-19 Preschool Education Program Budget.

\$ 68,124

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Construction of new Elementary/Middle School, necessary onsite and offsite improvements, furniture, and equipment associated with such improvements.	1/15/04	\$ 5,238,509	\$ 5,185,673	\$	\$ 52,836
Demolition of Original Fairfield Elementary School	2/28/13	1,150,808	1,117,348		33,460
		<u>\$ 6,389,317</u>	<u>\$ 6,303,021</u>	<u>\$</u>	<u>\$ 86,296</u>

EXHIBIT F-2

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

**Revenues and Other Financing
Sources**

State Sources - SCC Grant	\$	
Interest		247
Total Revenues		<u>247</u>

Expenditures and Other Financing Uses

Demolition Services		
Total Expenditures		<u></u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		247
Transfer Interest to General Fund		(247)
Transfer to Debt Service Fund		<u></u>
Fund Balance - Beginning		<u>86,296</u>
Fund Balance - Ending	\$	<u><u>86,296</u></u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF NEW ELEMENTARY/MIDDLE SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond Proceeds and Transfers	4,981,000		4,981,000	4,981,000
Transfer to Demolition Project	(283,187)		(283,187)	(283,187)
Transfer from Capital Reserve	600,000		600,000	600,000
Total Revenues	5,297,813		5,297,813	5,297,813
Expenditures and Other Financing Uses				
Construction Services	5,185,673		5,185,673	5,297,813
Total Expenditures	5,185,673		5,185,673	5,297,813
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 112,140	\$	\$ 112,140	\$
Less: Transfer to Debt Service Fund	(59,304)		(59,304)	
	52,836		52,836	

Additional project information:

Project Number	1460-050-02-0530
Grant Date	January 15, 2004
Bond Authorization Date	January 15, 2004
Bond Authorized	\$4,981,000
Bonds Issued	\$4,981,000
Original Authorization Cost	\$5,481,898
Additional Authorized Cost	(\$184,085)
Revised Authorized Cost	\$5,297,813
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	August 31, 2005
Revised Target Completion Date	December 8, 2005

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
PROJECT STATUS - BUDGETARY BASIS
DEMOLITION OF ORIGINAL FAIRFIELD ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 768,587	\$	\$ 768,587	\$ 768,587
Local Share Transferred from SDA	317,808		317,808	317,808
Local Share Transferred from SDA	64,413		64,413	64,413
Total Revenues	<u>1,150,808</u>		<u>1,150,808</u>	<u>1,150,808</u>
Expenditures and Other Financing Uses				
Architectural Services	98,103		98,103	101,461
Other Professional Technical Services	17,000		17,000	17,000
Demolition Services	1,002,245		1,002,245	1,032,347
Total Expenditures	<u>1,117,348</u>		<u>1,117,348</u>	<u>1,150,808</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 33,460</u>	<u>\$</u>	<u>\$ 33,460</u>	<u>\$</u>

Additional project information:

Project Number	1460-01-00-0366-01
Grant Date	February 28, 2013
Original Authorization Cost	\$1,479,311
Reduction in Authorized Cost	\$328,503
Revised Authorized Cost	\$1,150,808
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	0%
Original Target Completion Date	February 28, 2013
Revised Target Completion Date	September 30, 2015

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District’s Board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the School District.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5
AND B-6.**

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018 AND 2017

	Food Service Fund	Totals	
		2018	2017
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 12,576	\$ 12,576	\$ 270,830
Accounts Receivable:			
State	594	594	268
Federal	85,796	85,796	24,152
Other			2,346
Interfund Accounts Receivable	16,003	16,003	84,590
Inventories	12,488	12,488	9,041
	127,457	127,457	391,227
Fixed Assets:			
Equipment	319,138	319,138	275,948
Accumulated Depreciation	(146,702)	(146,702)	(200,833)
	172,436	172,436	75,115
Total Assets	299,893	299,893	466,342
LIABILITIES:			
Current Liabilities:			
Unearned Revenue	2,247	2,247	6,293
Accounts Payable	28,142	28,142	62,558
	30,389	30,389	68,851
NET POSITION:			
Invested in Capital Assets, Net of Related Debt	172,436	172,436	75,115
Restricted			
Unrestricted	97,068	97,068	322,376
Total Net Position	\$ 269,504	\$ 269,504	\$ 397,491

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2018 AND 2017

	Food Service Fund	Totals	
		2018	2017
OPERATING REVENUES:			
Local Sources:			
Daily Sales - Reimbursable Programs:			
School Breakfast Program	\$	\$	\$
School Lunch Program			
Daily Sales - Non-Reimbursable Programs:	28,683	28,683	25,483
Special Functions	7,941	7,941	19,289
Satellite Revenue			
Total Operating Revenue	36,624	36,624	44,772
OPERATING EXPENSES:			
Salaries	181,455	181,455	142,600
Employee Benefits	21,753	21,753	22,101
Management Fees	28,700	28,700	28,280
Supplies	76,782	76,782	23,775
Miscellaneous	31,715	31,715	16,330
Depreciation	19,891	19,891	8,017
Cost of Sales - Reimbursable	296,814	296,814	230,493
Cost of Sales - Non-Reimbursable	8,679	8,679	21,543
Total Operating Expenses	665,789	665,789	493,139
Operating Loss	(629,165)	(629,165)	(448,367)
Non-Operating Revenues:			
State Sources:			
State School Lunch Program	4,373	4,373	5,084
Federal Sources:			
National School Breakfast Program	155,899	155,899	169,520
National School Lunch Program	281,214	281,214	286,256
National School Snack Program	21,113	21,113	2,775
Summer Program			10,829
Food Distribution Program	38,198	38,198	39,644
Interest	381	381	502
Total Non-Operating Revenues	501,178	501,178	514,610
Non-Operating Expenses and (Income):			
Total Non-Operating Expenses			
Net Income	(127,987)	(127,987)	66,243
Net Position - July 1	397,491	397,491	331,248
Net Position - June 30	\$ 269,504	\$ 269,504	\$ 397,491

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOW
AS OF JUNE 30, 2018 AND 2017

	Food Service	Totals	
	Fund	2018	2017
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 36,624	\$ 36,624	\$ 44,772
Payments to Employees	(181,455)	(181,455)	(142,600)
Payments for Employee Benefits	(21,753)	(21,753)	(22,101)
Payments to Suppliers	(475,636)	(475,636)	(228,050)
	(642,220)	(642,220)	(347,979)
Net Cash Used by Operating Activities			
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements	500,797	500,797	514,108
	500,797	500,797	514,108
Net Cash Provided by Noncapital Financing Activities			
Cash Flows from Capital Financing Activities:			
Purchase of Fixed Assets	(117,212)	(117,212)	
	(117,212)	(117,212)	
Cash Flows from Investing Activities:			
Interest on Investments	381	381	502
	381	381	502
Net Increase/(Decrease) in Cash and Cash Equivalents	(258,254)	(258,254)	166,631
Cash and Cash Equivalents, July 1	270,830	270,830	104,199
Cash and Cash Equivalents, June 30	\$ 12,576	\$ 12,576	\$ 270,830
Operating Income (Loss)	\$ (629,165)	\$ (629,165)	\$ (448,367)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:			
Depreciation	19,891	19,891	8,017
Change in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(59,624)	(59,624)	(306)
(Increase)/Decrease in Interfund Receivable	68,587	68,587	29,576
(Increase)/Decrease in Inventory	(3,447)	(3,447)	281
Increase/(Decrease) in Accounts Payable	(34,416)	(34,416)	61,411
Increase/(Decrease) in Unearned Revenue	(4,046)	(4,046)	1,409
	(13,055)	(13,055)	100,388
Total Adjustments			
Net Cash Used by Operating Activities	\$ (642,220)	\$ (642,220)	\$ (347,979)

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>Agency</u>		<u>Totals</u>	
	<u>Student Activity</u>	<u>Payroll</u>	<u>2018</u>	<u>2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 9,307	\$ 35,996	\$ 45,303	\$ 284,876
Total Assets	<u>\$ 9,307</u>	<u>\$ 35,996</u>	<u>\$ 45,303</u>	<u>\$ 284,876</u>
LIABILITIES AND NET POSITION:				
Liabilities:				
Accounts Payable	\$	\$	\$	\$ 3,103
Payroll Deductions and Withholdings		10,012	10,012	67,605
Flexible Spending Reserve		14,278	14,278	6,871
Due to General Fund		11,706	11,706	200,467
Due to Student Groups	9,307		9,307	6,830
Total Liabilities	<u>9,307</u>	<u>35,996</u>	<u>45,303</u>	<u>284,876</u>
Total Liabilities and Net Position	<u>\$ 9,307</u>	<u>\$ 35,996</u>	<u>\$ 45,303</u>	<u>\$ 284,876</u>

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Cash Receipts	Accounts Receivable	Cash Disbursements	Accounts Payable	Balance June 30, 2018
Middle School	\$ 9,933	\$ 25,173	\$	\$ 25,799	\$	\$ 9,307
Totals	\$ 9,933	\$ 25,173	\$	\$ 25,799	\$	\$ 9,307

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 184,955	\$ 2,574,089	\$ 2,723,048	\$ 35,996
Total Assets	<u>\$ 184,955</u>	<u>\$ 2,574,089</u>	<u>\$ 2,723,048</u>	<u>\$ 35,996</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 57,933	\$ 2,558,846	\$ 2,606,767	\$ 10,012
Flexible Spending Reserve	10,617	15,243	11,582	14,278
Due to General Fund	116,405		104,699	11,706
Total Liabilities	<u>\$ 184,955</u>	<u>\$ 2,574,089</u>	<u>\$ 2,723,048</u>	<u>\$ 35,996</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

FAIRFIELD TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF SERIAL BONDS
AS OF JUNE 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2017	Issued	Redeemed	Balance June 30, 2018
			Date	Amount					
Construction of an addition as well as undertake various improvements and renovations to the Fairfield Township Elementary School and to acquire the necessary equipment and undertake any necessary site work.	3/1/10	\$ 2,000,000	3/1/19-22	\$ 100,000	3.500%	\$ 1,465,000	\$	\$ 95,000	\$ 1,370,000
			3/1/23	110,000	3.750%				
			3/1/24-25	110,000	4.000%				
			3/1/26-27	120,000	4.000%				
			3/1/28-29	130,000	4.000%				
			3/1/30	140,000	4.000%				
Refunding of 3/15/04 School Bond Issue for the Construction of a new Elementary/Middle School, etc.	9/15/15	3,150,000	3/18/19	300,000	3.000%	2,290,000		295,000	1,995,000
			3/18/20	315,000	3.000%				
			3/19/21	325,000	3.000%				
			3/20/22	340,000	3.000%				
			3/21/23	350,000	4.000%				
			3/21/24	365,000	4.000%				
Totals						\$ 3,755,000	\$	\$ 390,000	\$ 3,365,000

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 521,700	\$	\$ 521,700	\$ 521,700	\$
Total Revenues - Local Sources	<u>521,700</u>		<u>521,700</u>	<u>521,700</u>	
State sources:					
Debt Service Aid Type II					
Total Revenues - State Sources					
Total Revenues	<u>521,700</u>		<u>521,700</u>	<u>521,700</u>	
EXPENDITURES					
Regular Debt Service:					
Redemption of Principal	390,000		390,000	390,000	
Interest	131,700		131,700	131,700	
Total Regular Debt Service	<u>521,700</u>		<u>521,700</u>	<u>521,700</u>	
Total Expenditures	<u>521,700</u>		<u>521,700</u>	<u>521,700</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Fund Balances, July 1	<u>16,473</u>		<u>16,473</u>	<u>16,473</u>	
Fund Balances, June 30	<u>\$ 16,473</u>	<u>\$</u>	<u>\$ 16,473</u>	<u>\$ 16,473</u>	<u>\$</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

STATISTICAL SECTION

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 10,129,348	\$ 9,459,843	\$ 12,312,897	\$ 7,872,940	\$ 8,012,695	\$ 7,979,459	\$ 8,136,619	\$ 8,488,233	\$ 8,528,057	\$ 8,609,885
Restricted	1,097,886	2,724,746	977,545	1,056,002	766,964	725,006	435,960	421,509	137,050	544,242
Unrestricted (Deficit)	(555,764)	(739,399)	(338,219)	(287,595)	(647,914)	(566,736)	(2,275,457)	(2,294,934)	(2,089,620)	(2,643,360)
Total Governmental Activities Net Position	\$ 10,671,470	\$ 11,445,190	\$ 12,952,223	\$ 8,641,347	\$ 8,131,745	\$ 8,137,729	\$ 6,297,122	\$ 6,614,808	\$ 6,575,487	\$ 6,510,767
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 136,933	\$ 136,521	\$ 123,109	\$ 118,951	\$ 104,117	\$ 89,283	\$ 74,449	\$ 83,132	\$ 75,115	\$ 172,436
Restricted										
Unrestricted	50,865	7,799	19,244		12,312	75,034	180,316	248,116	322,376	97,068
Total Business-Type Activities Net Position	\$ 187,798	\$ 144,320	\$ 142,353	\$ 118,951	\$ 116,429	\$ 164,317	\$ 254,765	\$ 331,248	\$ 397,491	\$ 269,504
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 10,266,281	\$ 9,596,364	\$ 12,436,006	\$ 7,991,891	\$ 8,116,812	\$ 8,068,742	\$ 8,211,068	\$ 8,571,365	\$ 8,603,172	\$ 8,782,321
Restricted	1,097,886	2,724,746	977,545	1,056,002	766,964	578,762	435,960	421,509	137,050	544,242
Unrestricted (Deficit)	(504,899)	(731,600)	(318,975)	(287,595)	(635,602)	(491,702)	(2,095,141)	(2,046,818)	(1,767,244)	(2,546,292)
Total District-Wide Net Position	\$ 10,859,268	\$ 11,589,510	\$ 13,094,576	\$ 8,760,298	\$ 8,248,174	\$ 8,155,802	\$ 6,551,887	\$ 6,946,056	\$ 6,972,978	\$ 6,780,271

Source: CAFR Schedule A-1

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 2,985,335	\$ 3,662,220	\$ 3,336,418	\$ 3,367,316	\$ 3,150,130	\$ 3,188,568	\$ 3,123,441	\$ 3,095,716	\$ 3,478,821	\$ 3,481,838
Special Education	595,850	223,476	410,858	497,594	494,964	506,453	630,653	668,579	776,959	779,269
Other Special Instruction	145,321	168,504	77,134	159,433	166,931	195,664	19,200	18,971	8,333	
Other Instruction	73,479	65,794	72,567	70,424	85,260	84,956	87,796	71,955	63,111	75,651
Support Services										
Tuition	518,224	408,837	481,638	383,558	524,146	551,519	543,974	623,880	399,745	43,253
Student and Instruction Related Services	780,552	1,110,300	794,864	889,763	871,912	933,660	941,324	1,023,367	906,367	1,345,633
General Administrative Services	375,465	311,001	324,894	276,763	280,209	314,833	295,408	274,270	246,523	309,582
School Administrative Services	165,090	175,506	156,602	210,345	208,571	193,112	202,296	156,795	99,028	82,984
Central Services & Info Technology	198,516	232,437	164,482	207,822	204,782	230,556	219,693	222,990	265,937	213,968
Plant Operations and Maintenance	652,581	632,481	580,466	553,394	581,351	1,258,057	577,560	537,585	578,376	609,103
Security						17,647	13,418	15,700	12,780	1,577
Pupil Transportation	531,587	513,955	508,839	526,476	554,280	524,881	460,219	462,568	576,813	543,984
Employee Benefits	1,389,774	1,546,527	1,550,801	1,798,555	2,628,187	2,075,641	2,043,158	3,454,425	4,408,981	5,163,724
Interest on Long-Term Debt	169,733	183,211	339,192	216,960	322,410	353,504	270,156	298,284	292,458	284,408
Amortization of Debt Issue Costs	1,735	2,235	3,735	3,735						
Unallocated Depreciation and Amortization	373,354	360,363	517,268	357,611	365,805	351,304	365,553	339,643	380,691	384,835
Total Governmental Activities Expenses	8,956,596	9,596,847	9,319,758	9,519,749	10,438,938	10,780,355	9,793,849	11,264,728	12,494,923	13,319,809
Business-Type Activities										
Food Service	338,786	371,513	388,722	447,826	449,175	474,964	425,630	446,639	493,139	665,789
Total Business-Type Activities Expense	338,786	371,513	388,722	447,826	449,175	474,964	425,630	446,639	493,139	665,789
Total District Expenses	\$ 9,295,382	\$ 9,968,360	\$ 9,708,480	\$ 9,967,575	\$ 10,888,113	\$ 11,255,319	\$ 10,219,479	\$ 11,711,367	\$ 12,988,062	\$ 13,985,598
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 1,797,849	\$ 2,381,901	\$ 2,197,473	\$ 2,369,566	\$ 2,485,404	\$ 2,721,094	\$ 2,526,651	\$ 4,124,951	\$ 4,888,909	\$ 4,654,805
Total Governmental Activities Program Revenues	1,797,849	2,381,901	2,197,473	2,369,566	2,485,404	2,721,094	2,526,651	4,124,951	4,888,909	4,654,805
Business-Type Activities										
Charges for Services										
Food Service	69,609	83,898	81,365	91,200	75,889	121,855	101,869	64,863	44,772	36,624
Operating Grants and Contributions	282,843	301,012	305,390	329,303	370,764	400,997	414,209	458,259	514,610	501,178
Total Business-Type Activities Program Revenues	352,452	384,910	386,755	420,503	446,653	522,852	516,078	523,122	559,382	537,802
Total District Program Revenues	\$ 2,150,301	\$ 2,766,811	\$ 2,584,228	\$ 2,790,069	\$ 2,932,057	\$ 3,243,946	\$ 3,042,729	\$ 4,648,073	\$ 5,448,291	\$ 5,192,607
Net (Expense)/Revenue										
Governmental Activities	\$ (7,158,747)	\$ (7,214,946)	\$ (7,122,285)	\$ (7,150,183)	\$ (7,953,534)	\$ (8,059,261)	\$ (7,267,198)	\$ (7,139,777)	\$ (7,606,014)	\$ (8,665,004)
Business-Type Activities	13,666	13,397	(1,967)	(27,323)	(2,522)	47,888	90,448	76,483	66,243	(127,987)
Total District-Wide Net Expense	\$ (7,145,081)	\$ (7,201,549)	\$ (7,124,252)	\$ (7,177,506)	\$ (7,956,056)	\$ (8,011,373)	\$ (7,176,750)	\$ (7,063,294)	\$ (7,539,771)	\$ (8,792,991)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 679,730	\$ 696,863	\$ 696,863	\$ 696,863	\$ 710,800	\$ 725,016	\$ 754,016	\$ 784,176	\$ 874,176	\$ 941,822
Taxes Levied for Debt Service	371,785	369,785	509,980	514,917	514,661	519,042	475,379	475,379	423,250	521,700
Unrestricted Grants and Contributions	5,794,162	6,901,808	7,374,175	6,158,940	6,092,595	6,639,326	6,095,707	6,009,367	6,096,926	7,175,550
Tuition Received	19,177	2,184								
Adjustment to Fixed Assets	(276,647)				175,856	(5,021)				71,685
Investment Earnings	5,784	1,244	1,401	1,814	18,690	6,564	6,447	2,060	2,504	1,436
Transfer to Charter School		(15,394)				(35,706)	(35,706)			(193,153)
Miscellaneous Income	463,001	32,176	46,899	6,113	(12,780)	69,780	69,840	186,481	169,837	81,244
Total Governmental Activities	7,056,992	7,988,666	8,629,318	7,378,647	7,499,822	7,919,001	7,365,683	7,457,463	7,566,693	8,600,284
Business-Type Activities										
Board Subsidy				3,921						
Prior Year Inventory Adjustments	17,573	(56,875)								
Total Business-Type Activities	17,573	(56,875)		3,921						
Total District-Wide	\$ 7,074,565	\$ 7,931,791	\$ 8,629,318	\$ 7,382,568	\$ 7,499,822	\$ 7,919,001	\$ 7,365,683	\$ 7,457,463	\$ 7,566,693	\$ 8,600,284
Change in Net Position										
Governmental Activities	\$ (101,755)	\$ 773,720	\$ 1,507,033	\$ 228,464	\$ (453,712)	\$ (140,260)	\$ 98,485	\$ 317,686	\$ (39,321)	\$ (64,720)
Business-Type Activities	31,239	(43,478)	(1,967)	(23,402)	(2,522)	47,888	90,448	76,483	66,243	(127,987)
Total District-Wide	\$ (70,516)	\$ 730,242	\$ 1,505,066	\$ 205,062	\$ (456,234)	\$ (92,372)	\$ 188,933	\$ 394,169	\$ 26,922	\$ (192,707)

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(UNAUDITED)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Restricted	\$ 851,263	\$ 275,210	\$ 226,205	\$ 316,497	\$ 267,000	\$	\$	\$	\$	\$
Maintenance Reserve						10,000	10,000	10,000	10,000	10,050
Capital Reserve									30,346	30,498
Excess Surplus								334,638	137,741	263,184
Assigned:										
Maintenance Reserve						17,500				
Capital Reserve						337,314	337,314	30,346		
Designated for Subsequent Year's Expenditures									30,130	15,199
Excess Surplus Designated for Subsequent Year's Expenditures						135,000			334,638	137,741
Year End Encumbrances Unassigned (Deficit)	(295,129)	(488,405)	(335,131)	(284,018)	(414,558)	(331,601)	7,045	9,040	(299,801)	(302,604)
Total General Fund	<u>\$ 556,134</u>	<u>\$ (213,195)</u>	<u>\$ (108,926)</u>	<u>\$ 32,479</u>	<u>\$ (147,558)</u>	<u>\$ 168,213</u>	<u>\$ 78,575</u>	<u>\$ 118,770</u>	<u>\$ 243,054</u>	<u>\$ 154,068</u>
All Other Governmental Funds										
Restricted:										
Special Revenue Fund (Deficit)	\$ (74,124)	\$ (92,665)	\$ (105,899)	\$ (105,899)	\$ (113,166)	\$ (146,244)	\$ (140,150)	\$ (146,244)	\$ (143,806)	\$ (145,025)
Capital Projects Fund	344,087	2,543,206	857,239	845,693	613,130	172,692	206,152	86,296	86,296	86,296
Assigned:										
Debt Service						52,500	22,644	106,473	16,473	16,473
Total All Other Governmental Funds	<u>\$ 269,963</u>	<u>\$ 2,450,541</u>	<u>\$ 751,340</u>	<u>\$ 739,794</u>	<u>\$ 499,964</u>	<u>\$ 78,948</u>	<u>\$ 88,646</u>	<u>\$ 46,525</u>	<u>\$ (41,037)</u>	<u>\$ (42,256)</u>

Source: CAFR Schedule B-1

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

	2009	2010	2011	2012	2013	2014	2015	#	2016	2017	2018
Revenues											
Tax Levy	\$ 1,051,515	\$ 1,066,648	\$ 1,206,843	\$ 1,211,780	\$ 1,225,461	\$ 1,244,058	\$ 1,229,395	\$	1,259,555	\$ 1,297,426	1,463,522
Tuition Charges	19,177	2,184									27,938
Interest Earnings	5,784	1,244	1,401	1,814	18,690	6,564	6,447		2,060	2,504	1,436
Miscellaneous	464,318	32,176	46,899	10,034	28,328	69,780	69,840		185,826	169,837	53,306
State Sources	7,012,377	7,286,581	8,872,507	7,583,256	7,982,445	8,711,066	8,183,291		8,512,291	8,525,655	8,603,822
Federal Sources	578,317	1,997,128	699,141	945,250	595,554	649,354	623,755		582,447	775,780	1,124,228
Total Revenues	9,131,488	10,385,961	10,826,791	9,752,134	9,850,478	10,680,822	10,112,728		10,542,179	10,771,202	11,274,252
Expenditures											
Instruction											
Regular Instruction	2,985,335	3,662,220	3,336,418	3,367,316	3,150,130	3,188,568	3,123,441		3,095,716	3,478,821	3,481,838
Special Education Instruction	595,850	223,476	410,858		494,964	506,453	630,653		668,579	776,959	779,269
Other Special Instruction	145,321	168,504	77,134	159,433	166,931	195,664	19,200		18,971	8,333	
Other instruction	73,479	65,794	72,567	70,424	85,260	84,956	87,796		71,955	63,111	75,651
Support Services											
Tuition	518,224	408,837	481,638	383,558	524,146	551,519	543,974		623,880	399,745	43,253
Student and Instruction Related Services	780,552	1,110,300	794,864	889,763	871,912	933,660	941,324		1,023,367	906,367	1,345,633
General Administrative Services	375,465	311,001	324,894	276,763	280,209	314,833	295,408		274,270	246,523	309,582
School Administrative Services	165,090	175,506	156,602	210,345	208,571	193,112	202,296		156,795	99,028	82,984
Central Services & Info. Technology	198,516	232,437	164,482	207,822	204,782	230,556	219,693		222,990	265,937	213,968
Plant Operations and Maintenance	652,581	632,481	580,466	553,394	581,351	532,119	577,560		537,585	578,376	609,103
Security						17,647	13,418		15,700	12,780	1,577
Pupil Transportation	531,587	513,955	508,839	526,476	554,280	524,881	460,219		462,568	576,813	543,984
Business and Other Support Services											
Unallocated Employee Benefits	1,388,521	1,559,164	1,607,161	1,839,633	2,092,265	2,070,638	2,245,887		2,376,839	2,605,214	3,005,076
Capital Outlay	17,715	1,525,858	3,395,820	120,916	675,631	886,713	290,858		483,484	203,223	157,686
Debt Service:											
Principal	200,000	164,785	285,000	295,000	305,000	320,000	385,000		360,000	370,000	390,000
Interest and Other Charges	171,785	205,000	224,980	219,917	209,661	199,042	120,235		151,406	143,250	131,700
Total Expenditures	8,800,021	10,959,318	12,421,723	9,120,760	10,405,093	10,750,361	10,156,962		10,544,105	10,734,480	11,171,304
Excess (Deficiency) of Revenues											
Over (Under) Expenditures	331,467	(573,357)	(1,594,932)	631,374	(554,615)	(69,539)	(44,234)		(1,926)	36,722	102,948
Other Financing Sources (Uses)											
Proceeds from NJSDA											
Transfer to Charter School					175,856						
Transfers (Net)				(3,921)	(19,540)	(35,706)	(35,706)				(193,153)
Total Other Financing Sources (Uses)				(3,921)	134,748	(35,706)	(35,706)				(193,153)
Net Change in Fund Balances	\$ 331,467	\$ (573,357)	\$ (1,594,932)	\$ 627,453	\$ (419,867)	\$ (105,245)	\$ (79,940)		\$ (1,926)	\$ 36,722	\$ (90,205)
Debt Service as a Percentage of											
Noncapital Expenditures	4.2%	3.4%	4.1%	5.6%	4.9%	4.80%	4.70%		4.80%	4.8%	4.7%

Source: CAFR Schedule B-2

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Sale of Ramah Road School	Rent	Prior Year Refunds	Prior Year P.O. Adjustment	Atlantic Electric Energy Rebate	Misc.	Total
2018	\$ 987	\$ 27,938	\$	\$	\$ 468	\$ 30,246	\$ 19,281	\$ 3,513	\$ 82,433
2017	2,176	97,482			198		40,901	31,256	172,013
2016	1,583	42,588			(4,117)	32,441	52,444	62,470	187,409
2015	5,111			200	14,264		37,124	18,252	74,951
2014	5,756			600	38,705		22,960	7,515	75,536
2013	10,982				2,159	3,933	21,058	1,178	39,310
2012	931							10,034	10,965
2011					18,793		23,300	4,806	46,899
2010	380	2,184						29,503	32,067
2009	1,507	19,177	428,162	14,314		17,058		3,467	483,685

Source: District Records

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	a Public Utilities	Net Valuation Taxable	Total Direct School Rate ^b	Estimated Actual County Equalized Value
2018	\$ 16,388,000	\$ 251,762,000	\$ 11,729,200	\$ 2,612,200	\$ 26,632,800	\$ 1,630,200	\$ 300,000	\$ 311,054,400	\$ 705,607	\$ 311,760,007	\$ 1.023	\$ 274,831,596
2017	16,830,200	252,057,800	11,396,500	2,538,000	29,632,900	1,630,200	344,200	314,429,800	695,519	315,125,319	0.992	293,201,977
2016	18,269,100	250,625,000	12,490,800	2,924,600	25,601,100	1,630,200	344,200	311,885,000	713,142	312,598,142	0.916	287,213,371
2015	19,017,700	250,704,700	12,843,500	2,887,500	26,053,500	1,630,200	344,200	313,481,300	743,541	314,224,841	0.875	292,697,443
2014	19,175,800	241,140,500	13,644,400	2,863,100	2,689,700	1,630,200	344,200	281,487,900	734,782	282,222,682	0.875	308,715,419
2013	19,555,400	251,576,200	14,020,900	2,774,300	26,080,900	1,630,200	344,200	315,982,100	1,057,941	317,040,041	0.843	321,672,120
2012	19,497,200	253,567,700	13,290,100	2,819,800	27,921,353		344,200	317,440,353	1,127,247	318,567,600	0.854	323,221,997
2011	19,696,000	254,791,200	14,442,700	2,907,600	27,664,600		344,200	319,846,300	1,195,161	321,041,461	0.812	303,667,283 ^c
2010	9,280,500	137,378,900	7,210,200	2,788,300	13,993,700		219,400	170,871,000	810,417	171,681,417	1.615	325,356,981
2009	9,497,200	137,444,200	7,060,300	2,791,300	13,507,400		219,400	170,519,800	806,828	171,326,628	1.489	325,356,981

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

- a) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b) Tax rates are per \$100
- c) First year of revaluation

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)
(UNAUDITED)

Year Ended June 30,	Fairfield Township Board of Education			Overlapping Rates			
	a Basic Rate	b General Obligation Debt Service	Total Direct	Cumberland Regional High School	Fairfield Township	Cumberland County	Total
2018	\$ 0.298	\$ 0.188	\$ 0.486	\$ 0.537	\$ 0.43	\$ 1.037	\$ 2.490
2017	0.282	0.178	0.460	0.532	0.429	1.083	2.504
2016	0.255	0.161	0.416	0.500	0.43	2.375	3.721
2015	0.246	0.155	0.401	0.474	0.407	1.03	2.312
2014	0.227	0.163	0.39	0.485	0.383	1.017	2.275
2013	0.222	0.161	0.383	0.460	0.393	0.976	2.212
2012	0.221	0.163	0.384	0.47	0.384	0.965	2.203
2011	0.218	0.160	0.378	0.434	0.375	0.896	2.083
2010	0.459	0.244	0.703	0.912	0.673	1.69	3.978
2009	0.403	0.220	0.623	0.866	0.545	1.707	3.741

* First year of revaluation

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation.

- a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.
- b) Rates for debt service are based on each year's requirements.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
South State, Inc.	\$ 4,813,800	1.53%	\$ 2,872,100	1.68%
Tips Trailer Park, Inc.	3,935,600	1.25%	859,400	0.50%
Fairton Oaks Village LLC	3,403,400	1.08%		
Laning Bros Farms, Inc.	2,483,800	0.79%	1,316,900	0.77%
Cumberland Self Storage, LLC	1,971,700	0.63%	872,900	0.51%
NJ Oak Solar LLC	1,630,200	0.52%		
Taxpayer #1	1,185,000	0.38%	964,200	0.56%
Halka Nurseries, Inc.	1,188,700	0.38%	658,700	0.38%
Taxpayer #2	1,122,200	0.36%	616,800	0.36%
Taxpayer #3	857,000	0.27%		
Milner Corp.			2,303,500	1.34%
40 Main Street LLC			675,000	0.39%
Exelon (PSEG)			697,600	0.41%
Total	\$ 22,591,400	7.17%	\$ 11,837,100	6.91%

Source: District CAFR & Municipal Tax Assessor

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2018	\$ 1,463,522	\$ 1,390,674	95.02%	\$ 72,848
2017	1,297,426	1,224,578	94.39%	72,848
2016	1,259,555	1,259,555	100.00%	
2015	1,229,395	1,229,395	100.00%	
2014	1,244,058	1,123,222	90.29%	120,836
2013	1,225,461	1,225,461	100.00%	
2012	1,211,780	1,211,780	100.00%	
2011	1,206,843	1,206,843	100.00%	
2010	1,066,648	1,066,648	100.00%	
2009	1,051,515	1,051,515	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a Per Capita ^a	
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2018	\$ 3,365,000	\$	\$	\$	\$	3,365,000	1.5%	\$ 553
2017	3,755,000					3,755,000	1.7%	621
2016	4,125,000					4,125,000	1.8%	656
2015	4,485,000					4,485,000	2.0%	712
2014	4,926,000					4,926,000	2.2%	768
2013	5,246,000					5,246,000	2.4%	808
2012	5,551,000					5,551,000	2.5%	844
2011	5,846,000					5,846,000	2.7%	919
2010	6,131,000					6,131,000	2.9%	973
2009	4,336,000					4,336,000	2.0%	637

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b) Includes Early Retirement Incentive Plan (ERIP) refunding

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2018	\$ 3,365,000	\$	\$ 3,365,000	1.15%	\$ 534
2017	3,755,000		3,755,000	1.28%	596
2016	4,125,000		4,125,000	1.41%	654
2015	4,485,000		4,485,000	1.45%	699
2013	4,926,000		4,926,000	1.53%	758
2012	5,551,000		5,551,000	1.72%	844
2011	5,846,000		5,846,000	1.80%	919
2010	6,131,000		6,131,000	1.88%	973
2009	4,336,000		4,336,000	1.49%	637

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a) See Exhibit NJ J-6 for property tax data.
- b) Population data can be found in Exhibit NJ J-14.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Fairfield Township	\$ 3,266,889		\$ 3,266,889
Other Debt			
Regional School District	7,117,000	17.59%	1,251,825
County of Cumberland - Township Share	85,432,863	3.132%	2,675,332
Subtotal, Overlapping Debt			7,194,047
Fairfield Township School District Direct Debt			3,365,000
Total Direct and Overlapping Debt			<u>\$ 10,559,047</u>

Sources: Fairfield Township Finance Officer and Cumberland County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Fairfield. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized Valuation Basis	
	2017	\$ 277,813,925
	2016	290,828,982
	2015	288,683,396
	[A]	\$ 857,326,303
Average Equalized Valuation of Taxable Property	[A/3]	\$ 285,775,434
Debt Limit (3% of Average Equalization Value)	[B]	8,573,263
Net Bonded School Debt		3,365,000
Legal Debt Margin	[B-C]	\$ 5,208,263

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 8,391,152	\$ 9,172,594	\$ 9,347,809	\$ 9,401,299	\$ 9,401,299	\$ 9,475,900	\$ 9,154,457	\$ 8,891,833	\$ 8,718,874	\$ 8,573,263
Total Net Debt Applicable to Limit	4,336,000	6,131,000	5,846,000	5,551,000	5,551,000	4,926,000	4,485,000	4,125,000	3,755,000	3,365,000
Legal Debt Margin	\$ 4,055,152	\$ 3,041,594	\$ 3,501,809	\$ 3,850,299	\$ 3,850,299	\$ 4,549,900	\$ 4,669,457	\$ 4,766,833	\$ 4,963,874	\$ 5,208,263
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	52%	67%	63%	59%	59%	52%	49%	46%	43%	39%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a) Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Year	Population ^a	Personal Income (Thousands of Dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2018 *	5,998	\$ 222,435,511	\$ 36,543	8.71%
2017	6,087	220,279,491	36,453	8.90%
2016	6,171	227,630,366	36,181	9.20%
2015	6,303	225,790,352	35,823	10.50%
2014	6,418	227,633,624	35,468	11.50%
2013	6,495	222,687,570	34,286	14.70%
2012	6,578	224,770,260	34,170	15.40%
2011	6,363	218,009,106	34,262	14.40%
2010	6,303	209,183,964	33,188	15.40%
2009	6,804	220,714,956	32,439	16.8%

* Estimate

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	58.0	59.0	49.0	51.0	51.0	51.0	54.0	56.0	45.0	54.0
Special Education	12.0	12.0	15.0	18.0	21.0	18.0	21.0	15.0	28.0	18.0
Other Special Education	2.0	2.0	2.0							
Vocational										
Other Instruction	1.0	1.0	1.0					1.0	1.0	1.0
Support Services:										
Tuition										
Student & Instruction Related Services	6.3	7.3	8.2	8.0	5.0	4.7	6.0	5.0	9.0	12.0
General Administrative Services	2.0	2.0	2.0	2.2	2.0	2.0	3.0	2.0	2.0	2.5
School Administrative Services	2.1	2.1	2.8	5.0	5.0	5.0	4.0	4.0	3.0	3.0
Business Administrative Services	2.5	2.5	2.2		1.8	2.5	2.8	2.8	2.6	2.6
Plant Operations and Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Security						1.3	2.0	2.0	1.0	1.0
Pupil Transportation	0.5	0.5	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4
Food Service									0.2	1.0
Total	87.4	89.4	83.4	85.4	87.0	85.6	94.0	89.0	93.0	96.5

Source: District Personnel Records

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						K-8	Middle School				
2018	576	\$ 10,491,918	\$ 18,215	14.00%	54	10.1:1		560.8	531.7	-7.72%	94.81%
2017	627	10,018,007	15,978	10.77%	57	11.1:1		607.7	560.6	-8.17%	92.25%
2016	662	9,549,215	14,425	-3.54%	56	8.1:1		661.8	628.9	5.06%	95.03%
2015	626	9,360,869	14,953	-0.79%	63	9.1:1		629.9	597.9	2.76%	94.92%
2014	620	9,344,606	15,072	-1.54%	57	10.9:1		613.0	586.5	2.52%	95.68%
2013	602	9,214,801	15,307	10.59%	60	10.1:1		598.0	571.7	-0.03%	95.62%
2012	613	8,484,927	13,842	0.12%	60	10.2:1		598.1	576.1	-3.20%	96.32%
2011	616	8,515,923	13,825	-10.77%	61	10.1:1		617.9	590.1	4.34%	95.50%
2010	585	9,063,675	15,493	14.58%	87	6.7 : 1		592.2	557.6	-5.36%	94.16%
2009	622	8,410,521	13,522	1.92%	73	8.57:1		625.7	591.4	3.27%	94.52%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

* Schools combined beginning with the 2006/2007 School Year

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building</u>										
<u>Elementary</u>										
Fairfield Primary School (1956)										
Square Feet	N/A									
Capacity (Students)	N/A									
Enrollment	N/A									
<u>Middle School</u>										
Fairfield Middle School (1976)										
Square Feet	N/A									
Capacity (Students)	N/A									
Enrollment	N/A									
<u>Fairfield Township School</u>										
Square Feet	100,594	100,594	100,594	100,594	100,594	100,594	100,594	100,594	100,594	100,594
Capacity (Students)	622	622	622	622	622	622	622	622	622	622
Enrollment	622	585	616	613	602	620	626	662	627	576
Number of Schools at June 30, 2018										
Elementary = 0										
Middle School = 0										
Combined = 1										

* The Fairfield Primary and Middle Schools were combined into one new building beginning in the 2006/2007 School Year

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Fairfield Twp. Primary School		\$		\$	\$	\$	\$	\$	\$	\$	\$
Fairfield Twp. Middle School											
Fairfield Township School *	100,594	100,790	62,497	572,952	58,092	47,257	58,279	44,555	47,657	42,188	38,287
Total School Facilities		<u>100,790</u>	<u>62,497</u>	<u>572,952</u>	<u>58,092</u>	<u>47,257</u>	<u>58,279</u>	<u>44,555</u>	<u>47,657</u>	<u>42,188</u>	<u>38,287</u>
Other Facilities											
Grand Total		<u>\$ 100,790</u>	<u>62,497</u>	<u>\$ 572,952</u>	<u>\$ 58,092</u>	<u>\$ 47,257</u>	<u>\$ 58,279</u>	<u>\$ 44,555</u>	<u>\$ 47,657</u>	<u>\$ 42,188</u>	<u>\$ 38,287</u>

* The Fairfield Primary and Middle Schools were combined into one new building beginning in the 2006/2007 School Year

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
(UNAUDITED)

The Board of Education of the Township of Fairfield is a member of the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund (GCSSDJIF).

The GCSSDJIF is a Joint Insurance Fund as defined under the Provisions of NJSA 18A:18B 1-10. The Fund was formed by its member districts on July 1, 1998 to provide a long-term alternative to the conventional insurance market as a means of stabilizing the otherwise cyclical nature of insurance expenditures. It achieves this goal by pooling together member district resources, deciding on what insurance coverage/s it will offer and/or purchase and at what retention, and by hiring professionals to run the Fund.

The Fund's underwriting includes workers' compensation, property, general liability, automobile liability, crime, educator's legal liability, boiler and machinery, and pollution legal liability insurances.

The coverage provided to members of the GCSSDJIF for the period of July 1, 2017 to June 30, 2018 are as follows:

I. Property, Inland Marine and Automobile Physical Damages	
A. Limit of Liability:	\$150,000,000 Per Occurrence
1. GCSSDJIF Self Insured Retention	250,000 Per Occurrence
2. Member District Deductible	500 Per Occurrence
3. Perils Included	"All Risk"
B. Property Valuation	
1. Buildings and Contents	Replacement Cost
2. Contractors Equipment	Actual Cash Value
3. Automobiles	Replacement Cost
II. Boiler and Machinery	
A. Limit of Liability	125,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	1,000
III. Crime	
A. Limits of Liability	500,000
1. GCSSDJIF Self Insured Retention	250,000
2. Member District Deductible	500
IV. General and Automobile Liability	
A. Limit of Liability:	15,000,000
1. GCSSDJIF Self Insured Retention (SIR)	250,000
2. Member District Deductible	None
V. Workers' Compensation	
A. Limits of Liability:	Statutory
1. GCSSDJIF Self Insured Retention	250,000
2. Member District Deductible	None

FAIRFIELD TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2018

(UNAUDITED)

VI. Educator's Legal Liability	
A. Limits of Liability:	15,000,000
1. GCSSDJIF Self Insured Retention	100,000
2. Member District Deductible	None
VII. Pollution Legal Liability	
A. Limits of Liability:	3,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000
VII. Cyber Liability	
A. Limits of Liability:	1,000,000
1. GCSSDJIF Self Insured Retention	None
2. Member District Deductible	25,000

Excess and Reinsurance Carriers Involved

Property and Crime	SPELLJIF, Selective Ins. Co. of America Axis Surplus Insurance Company Westchester Surplus Lines Ins. Co. Alterra Excess & Surplus Ins. Co. Ironshore Specialty Ins. Co. Steadfast Inc. Co. RSUI Indemnity Company Liberty Surplus Insurance Corp. James River Insurance Co. Maiden Specialty Insurance Co. Arch Specialty Insurance Co.
General Liability and Automobile Liability	SPELLJIF, Selective Ins. Co. of America
Worker's Compensation	SPELLJIF, Selective Ins. Co. of America
Educator's Legal Liability	SPELLJIF, Selective Ins. Co. of America

Group Purchase of Primary Insurance Coverage Carrier Array

Boiler and Machinery	Travelers Insurance Company
Pollution Legal Liability	AIG/Commerce and Industry Insurance, Co.
Cyber Liability	Lloyd's of London

SINGLE AUDIT SECTION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Fairfield Township School District
County of Cumberland, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the of Education of the Fairfield Township School District, in the County of Cumberland, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the of Education of the Fairfield Township School District's basic financial statements, and have issued our report thereon dated January 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fairfield Township Board of Education's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fairfield Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fairfield Township Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We considered the deficiencies described in the accompanying schedule of findings and questioned costs to be material, labeled 2018-1 and 2.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be significant.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fairfield Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance, or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and are described in the accompanying schedule of findings and questioned costs as items labeled finding 2018-2.

Fairfield Township Board of Education's Response to Findings

Fairfield Township Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

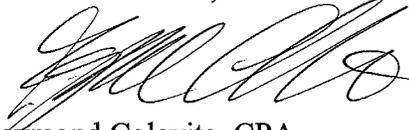
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Fairfield Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant

No. 915

January 24, 2019

NIGHTLINGER, COLAVITA & VOLPA

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Fairfield Township School District
County of Cumberland, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Fairfield Township School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Fairfield Township School District's major federal and state programs for the fiscal year ended June 30, 2018. The Fairfield Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Fairfield Township Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Fairfield Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Fairfield Township Board of Education's compliance.

Opinion on Each Major Program

In our opinion, the Board of Education of the Fairfield Township School District, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Fairfield Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fairfield Township Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Treasury 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Fairfield Township School District Board of Education's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated January 24, 2019. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB 15-08.

This report is intended solely for the information and use of the audit committee, management, the Fairfield Township Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA


Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
January 24, 2019

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From/To	June 30, 2017			Cash Received	Budgetary	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	June 30, 2018		
						(Accounts Receivable)	Unearned Revenue	Due to Grantor		(Accounts Receivable)			Unearned Revenue	Due to Grantor	
U S Department of Education General Fund: Medical Assistance Program(SEMI)	93.778	1705NJ5MAP	N/A	\$ 6,809	7/1/17-6/30/18				\$ 6,809	\$ (6,809)		\$ (6,809)			
U.S. Department of Agriculture Passed through State Department of Education Non-Cash Assistance:															
Food Distribution Program	10.565	Unknown	N/A	35,544	7/1/17-6/30/18				35,544	(33,297)		(33,297)		\$ 2,247	
Food Distribution Program	10.565	Unknown	N/A	40,178	7/1/16-6/30/17			4,901		(4,901)		(4,901)			
Child Nutrition Cluster: Cash Assistance:															
National School Lunch Program	10.555	171NJ304N1099	N/A	281,214	7/1/17-6/30/18				227,390	(281,214)		(281,214)	\$ (53,824)		
National School Lunch Program	10.555	171NJ304N1099	N/A	286,256	7/1/16-6/30/17	(15,087)			15,087						
National School Snack Program	10.555	171NJ304N1099	N/A	21,113	7/1/17-6/30/18				18,131	(21,113)		(21,113)	(2,982)		
School Breakfast Program	10.553	171NJ304N1099	N/A	155,899	7/1/17-6/30/18				126,909	(155,899)		(155,899)	(28,990)		
School Breakfast Program	10.553	171NJ304N1099	N/A	169,520	7/1/16-6/30/17	(9,065)			9,065						
Total U.S. Department of Agriculture						(24,152)	4,901		432,126	(496,424)		(496,424)	(85,796)	2,247	
U.S. Department of Education Passed Through State Dept. of Education: Special Education Fund:															
Title I	84.010	S010A170030	NCLB-146018	359,775	7/1/17-6/30/18				307,770	(349,750)		(349,750)	(41,980)		
Title I	84.010	S010A160030	NCLB-146017	400,260	7/1/16-6/30/17	(36,833)			36,833						
Title I	84.010	S010A140030	NCLB-146015	380,103	7/1/14-6/30/15	(3,442)							(3,442)		
Title I	84.010	S010A130030	NCLB-146014	354,766	7/1/13-6/30/14			3,928						3,928	
Title II - A	84.367A	S367A170029	NCLB-146018	28,240	7/1/17-6/30/18				24,528	(24,492)		(24,492)		36	
Title II - A	84.367A	S367A160029	NCLB-146017	62,237	7/1/16-6/30/17	(48,505)			48,505						
Title II - A	84.367A	S367A140029	NCLB-146015	53,036	7/1/14-6/30/15		2,936							2,936	
Title IV	84.424	S424A170031	NCLB-146018	10,000	7/1/17-6/30/18										
Title V	84.403	S358B170030	NCLB-146018	10,374	7/1/17-6/30/18				10,374	(10,374)		(10,374)			
IDEA Cluster:															
I.D.E.A. Part B Basic	84.027	H027A170100	IDEA-146018	189,542	7/1/17-6/30/18				189,542	(189,542)		(189,542)			
I.D.E.A. Part B Basic	84.027	H027A170100	IDEA-146017	194,821	7/1/16-6/30/17	(5,860)			5,860						
I.D.E.A. Pre School	84.173	H173A170114	IDEAPS-146018	11,195	7/1/17-6/30/18				10,043	(11,195)		(11,195)	(1,152)		
School Improvement Grant	84.377A	S377A160031	17000531	174,043	1/1/17-8/31/17	(87,571)			158,337	(78,362)		(78,362)	(7,596)		
School Improvement Grant	84.377A	S377A170031	18000558	639,788	9/1/17-8/31/18				429,240	(516,589)		(516,589)	(87,349)		
REAP	84.358A	S358A161066	REAP-146017	51,323	7/1/16-9/30/17	(331)							(331)		
Total U.S. Department of Education						(182,542)	6,864		1,221,032	(1,180,304)		(1,180,304)	(141,850)	6,900	
Total Federal Financial Awards						\$ (206,694)	\$ 11,765		\$ 1,659,967	\$ (1,683,537)		\$ (1,683,537)	\$ (227,646)	\$ 9,147	

(A) There were no awards passed through to subrecipients.

See Accompanying Notes to Schedules of Financial Assistance

These funds were audited in accordance with the Uniform Guidance since the total of all grant expenditures exceeded \$750,000.

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/Program Title	Grant or State Project No.	Program or Award Amount	Grant Period From/To	Balance at June 30, 2017			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2018			Memo	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Dept. of Education:														
General Fund:														
Equalization Aid	18-495-034-5120-078	\$ 5,178,123	7/1/17-6/30/18				\$ 4,694,233	\$ (5,178,123)	\$ (483,890)			* \$ (483,890)	\$ 5,178,123	
Equalization Aid	17-495-034-5120-078	5,088,222	7/1/16-6/30/17	\$ (478,429)			478,429							
Transportation Aid	18-495-034-5120-014	158,123	7/1/17-6/30/18				143,347	(158,123)	(14,776)			* (14,776)	158,123	
Transportation Aid	17-495-034-5120-014	157,300	7/1/16-6/30/17	(14,742)			14,742							
Special Education Aid	18-495-034-5120-089	292,489	7/1/17-6/30/18				265,156	(292,489)	(27,333)			* (27,333)	292,489	
Special Education Aid	17-495-034-5120-089	286,612	7/1/16-6/30/17	(27,270)			27,270							
Security Aid	18-495-034-5120-084	168,555	7/1/17-6/30/18				152,804	(168,555)	(15,751)			* (15,751)	168,555	
Security Aid	17-495-034-5120-084	166,335	7/1/16-6/30/17	(15,715)			15,715							
Adjustment Aid	18-495-034-5120-085	244,271	7/1/17-6/30/18				221,444	(244,271)	(22,827)			* (22,827)	244,271	
Adjustment Aid	17-495-034-5120-085	253,131	7/1/16-6/30/17	(22,774)			22,774							
Under Adequacy Aid	18-495-034-5120-096	41,872	7/1/17-6/30/18				37,959	(41,872)	(3,913)			* (3,913)	41,872	
Under Adequacy Aid	17-495-034-5120-096	41,872	7/1/16-6/30/17	(3,904)			3,904							
PARCC Readiness Aid	18-495-034-5120-098	4,940	7/1/17-6/30/18				4,479	(4,940)	(461)			* (461)	4,940	
PARCC Readiness Aid	17-495-034-5120-098	4,940	7/1/16-6/30/17	(461)			461							
Per Pupil Growth Aid	18-495-034-5120-097	4,940	7/1/17-6/30/18				4,479	(4,940)	(461)			* (461)	4,940	
Per Pupil Growth Aid	17-495-034-5120-097	4,940	7/1/16-6/30/17	(461)			461							
Prof Learning Comm Aid	18-495-034-5120-101	5,600	7/1/17-6/30/18				5,077	(5,600)	(523)			* (523)	5,600	
Prof Learning Comm Aid	17-495-034-5120-101	5,600	7/1/16-6/30/17	(522)			522							
Host District Aid	18-495-034-5120-102	7,744	7/1/17-6/30/18				7,020	(7,744)	(724)			* (724)	7,744	
Host District Aid	17-495-034-5120-102	7,744	7/1/16-6/30/17	(722)			722							
Extraordinary Aid	18-495-034-5120-044	13,705	7/1/17-6/30/18					(13,705)	(13,705)			* (13,705)	13,705	
Extraordinary Aid	17-100-034-5120-473	28,390	7/1/16-6/30/17	(12,589)			12,589							
Additional Non-Public Transp. Aid	18-495-034-5120-014	4,350	7/1/17-6/30/18					(4,350)	(4,350)			* (4,350)	4,350	
Additional Non-Public Transp. Aid	17-495-034-5120-014	1,740	7/1/16-6/30/17	(2,610)			2,610							
Reimb TPAF Soc Sec Contrib	18-495-034-5094-003	261,204	7/1/17-6/30/18				247,879	(261,204)	(13,325)			* (13,325)	261,204	
Reimb TPAF Soc Sec Contrib	17-495-034-5094-003	254,691	7/1/16-6/30/17	(11,704)			11,704							
Total General Fund				(591,903)			6,375,780	(6,385,916)	(602,039)			(570,659)	6,385,916	
Special Revenue Fund:														
Preschool Education Aid	18-495-034-5120-086	1,450,253	7/1/17-6/30/18		24,622		1,305,228	(1,402,648)	(145,025)	\$ 72,227		* (145,025)	1,402,648	
Preschool Education Aid	17-495-034-5120-086	1,462,440	7/1/16-6/30/17	(143,806)			143,806							
Total Special Revenue Fund				(143,806)	24,622		1,449,034	(1,402,648)	(145,025)	72,227		(145,025)	1,402,648	
State Dept. of Agriculture:														
Enterprise Fund:														
State School Lunch Pgm.	18-100-010-3350-023	4,373	7/1/17-6/30/18				3,779	(4,373)	(594)			* (594)	4,373	
State School Lunch Pgm.	17-100-010-3350-023	5,084	7/1/16-6/30/17	(268)			268							
Total Enterprise Fund				(268)			4,047	(4,373)	(594)				4,373	
Total State Financial Assistance Subject to OMB 15-08				\$ (735,977)	\$ 24,622		\$ 7,828,861	\$ (7,792,937)	\$ (747,658)	\$ 72,227		\$ (715,684)	\$ 7,792,937	
State Financial Assistance Not Subject to OMB 15-08														
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	498,923	7/1/17-6/30/18				\$ 498,923	\$ (498,923)						
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	322,244	7/1/17-6/30/18				322,244	(322,244)						
On-Behalf Long-term Disability	18-495-034-5094-004	969	7/1/17-6/30/18				969	(969)						
Total State Financial Assistance							\$ 8,650,997	\$ (8,615,073)						

See Accompanying Notes to the Schedules of Financial Assistance

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Fairfield School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2

FAIRFIELD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2018

(Continued)

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$5,659) for the general fund and (\$1,219) for the special revenue fund. See Note 2 (The Notes to Required Supplementary Information) for reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statement on a GAAP basis as presented on the following page:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 6,809	\$ 7,202,393	\$ 7,209,202
Special Revenue Fund	1,117,419	1,401,429	2,518,848
Food Service Fund	496,424	4,373	500,797
Total Awards and Financial Assistance	<u>\$ 1,620,652</u>	<u>\$ 8,608,195</u>	<u>\$ 10,228,847</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Fairfield Township School District had no SDA Loan balance at June 30, 2018 and the New Jersey SDA is no longer holding cash for the project, as they transferred the balance to the District during the year under audit.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

NOTE 7: SCHOOLWIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 8: ADJUSTMENTS

There were no adjustments reflected on Schedule A or on Schedule B.

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

Internal control over major programs:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified that
are not considered to be material
weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to
be reported in accordance with NJOMB
Circular Letter 15-08 _____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-085	Adjustment Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-096	Under Adequacy Aid
18-495-034-5120-101	Professional Learning Community Aid
18-495-034-5120-102	Host District Support Aid

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Treasury Circular 15-08 audit.

Finding: 2018-1

Criteria or specific requirement:

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

Condition:

During our test of transactions, it was noted that the district misclassified one expenditure, as such, an adjustment was necessary and reflected in the financial statements.

Context:

The Transfer to Charter School Expenditure was misclassified under Tuition to Other LEA's Within State Reg. in the Board Secretary's Report with respect to budget line items.

Effect:

As a result of the above condition, adjusting journal entries were necessary and reflected in the June 30, 2018 CAFR of the District.

Cause:

A necessary internal control procedure involving a monthly review of the District Budget for proper coding of expenditures was not conducted during the 2017-18 School Year.

Recommendation:

Districts should reference *The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2008 Edition* and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with NJAC 6A:23A-16.2(f).

Management's response:

Management is aware of the necessary procedures to be updated and followed.

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

Section II - Financial Statement Findings (continued)

Finding: 2018-2

Criteria or specific requirement:

In accordance with a complete internal control structure over revenues, receipts, and receivable transactions, the School District should establish and implement policies and procedures to verify that such transactions are recorded in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental entities.

Condition:

The General Ledger in the Special Revenue Fund was not sufficiently analyzed with regard to adjusting accounts receivable. This includes amounts inaccurately being closed into unearned revenue.

Context:

The June 30, 2018 Accounts Receivable balance reflected in the District's General Ledger was not in agreement with the supporting grant documentation.

Effect:

As a result of the above condition, adjusting journal entries were identified and submitted to the Board Office, as of June 30, 2018.

Cause:

An adequate review of ending accounts receivable and unearned revenue, within the Special Revenue Fund, was not performed prior to the year-end financial close-out.

Recommendation:

As part of the year end close out procedures, an additional review of the Special Revenue Fund accounts receivable should be conducted, in order to provide complete and accurate balances for reporting in the District's financial statements.

Management's response:

Management is aware of the necessary procedures to be updated and followed.

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS

Finding: N/A

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**FAIRFIELD TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Treasury Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2017-1

Condition: The payroll agency ledger was not properly maintained during the year, requiring numerous adjustments to be submitted for recording.

Current Status: Resolved

Finding: 2017-2

Condition: During our test of transactions, it was noted that the district misclassified one expenditure, as such, adjustments were necessary and reflected in the financial statements.

Current Status: Unresolved, See Finding 2018-1

Finding: 2017-3

Condition: Various budget transfers were not properly reflected in the Board Minutes.

Current Status: Resolved

Finding: 2017-4

Condition: Title I salaries were not fully charged to the Special Revenue Fund.

Current Status: Resolved

Finding: 2017-5

Condition: Net cash resources in the Food Service Fund exceeded three months average expenditures.

Current Status: Resolved.